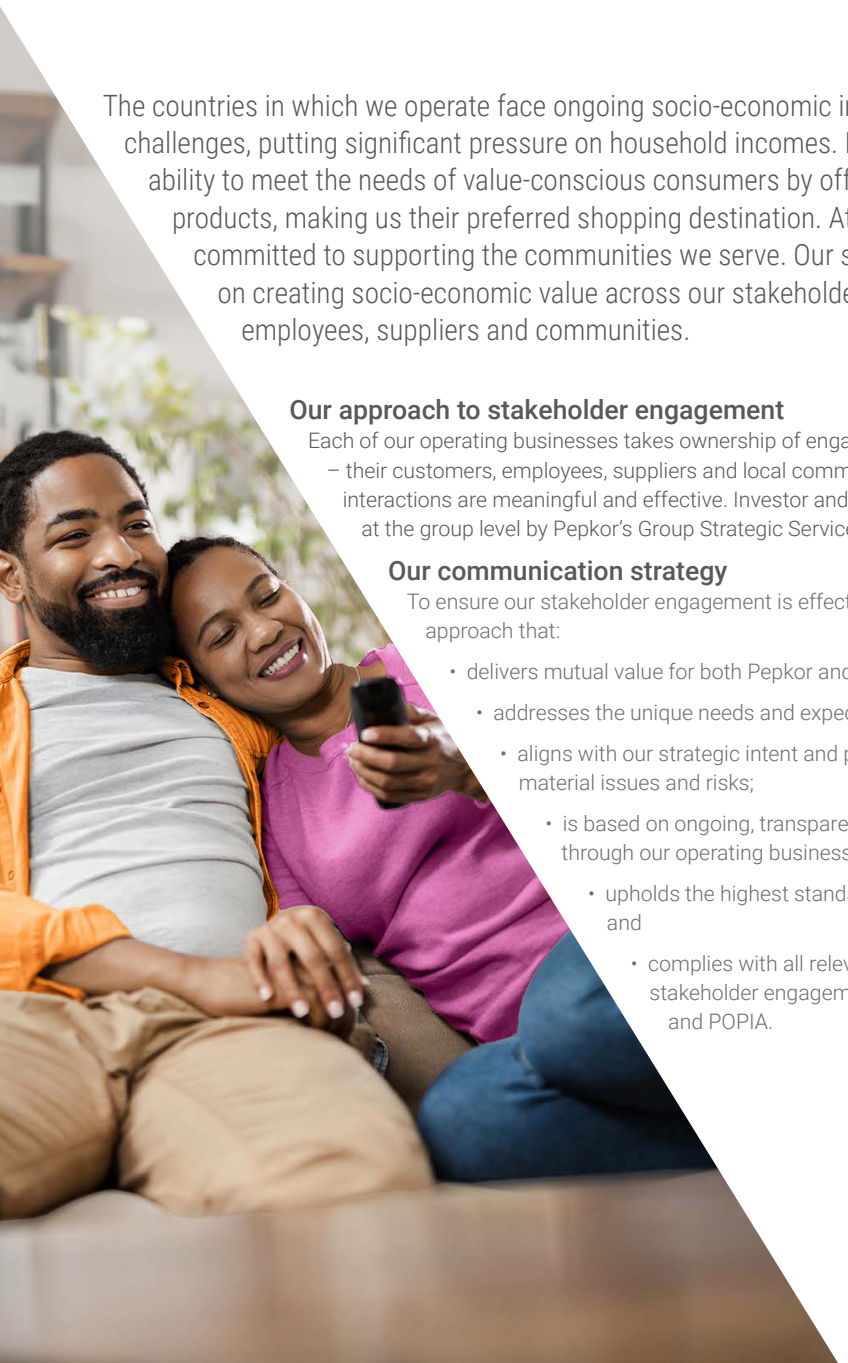
Stakeholders



The countries in which we operate face ongoing socio-economic inequalities and economic challenges, putting significant pressure on household incomes. Pepkor's strength lies in our ability to meet the needs of value-conscious consumers by offering affordable, quality products, making us their preferred shopping destination. At the same time, we are deeply committed to supporting the communities we serve. Our sustainability efforts focus on creating socio-economic value across our stakeholder base, including customers, employees, suppliers and communities.

Our approach to stakeholder engagement

Each of our operating businesses takes ownership of engaging with their key stakeholders – their customers, employees, suppliers and local communities, ensuring that these interactions are meaningful and effective. Investor and regulatory engagement is overseen at the group level by Pepkor's Group Strategic Services.

Our communication strategy

To ensure our stakeholder engagement is effective, we adhere to a communication approach that:

- delivers mutual value for both Pepkor and the stakeholders we engage with;
- addresses the unique needs and expectations of each stakeholder group;
- aligns with our strategic intent and purpose, while addressing key material issues and risks;
- is based on ongoing, transparent interactions, often facilitated through our operating businesses;
- upholds the highest standards of professionalism and ethics; and
- complies with all relevant policies, including our stakeholder engagement policy, code of ethics and POPIA.

Customers

Approach

Customers are central to our success and we focus on meeting their needs with quality, affordable products. Pepkor serves value-conscious consumers and our revenue is driven by providing affordable essentials, while also catering to fashion-conscious customers with on-trend, high-quality merchandise available in stores and online. Each operating business manages its own customer communications, tailoring offerings based on deep insights into customer behaviour and trends, while respecting their privacy. We are committed to customer marketing that is accurate and not misleading.

Channels of engagement

We gather and respond to customer feedback through:

- In-store interactions
- Focus groups
- Call centres
- Direct correspondence (with permission)
- Digital channels

Concerns and considerations

- **Affordability and accessibility**
  Customers seek affordable, accessible products, with various payment options such as accounts, lay-bys and seamless online shopping.
- **Fashion and variety**
  While Pepkor focuses on essentials, we also offer aspirational, stylish products for on-trend shoppers.
- **Convenience**
  We offer easy purchasing through diverse payment methods and ensure stores are located close to customers, even in remote areas.
- **Product and service delivery**
  - **Customer service**
    Superior service is ensured through employee training and feedback measured by metrics like the net promoter score.
  - **Customer satisfaction**
    We continuously track and enhance satisfaction through surveys and customer feedback.
- **Trusted and responsible brands**
  Pepkor's trusted brands, known for consistent quality and reliability, have served communities for over a century. Our new +more loyalty programme further reinforces Pepkor's position as a reliable shopping destination.

Stakeholders (continued)

Employees

Approach

Our employees are central to creating value for both our customers and our business. We strive to provide a safe, inclusive, and engaging working environment where employees are treated fairly and given opportunities for personal and professional growth. The HR function is decentralised, with each operating business managing its own employee engagement through its respective HR department with a collective focus on collaboration and a fair working environment. This includes direct interaction with organised labour where applicable.

Channels of engagement

We engage with employees through a variety of channels to ensure their concerns are addressed and their contributions are valued:

- Induction and training programmes
- Forums and conferences
- Employee meetings
- Printed and digital communication
- Performance discussions
- Whistle-blowing hotlines for anonymous reporting

Concerns and considerations

- **Remuneration**
  Fair and competitive compensation is a priority. Annual salary reviews are done and compared against industry benchmarks, with continuous refinement on remuneration policies to reflect best practices.
- **Growth**
  Employees have career development opportunities through training programmes. Skills development and leadership programmes are in place, while an increase in training hours fosters both career and personal growth.
- **Work environment and culture**
  Pepkor is committed to creating a safe, healthy and inclusive workplace. This includes compliance with health and safety regulations, as well as initiatives that promote a culture of respect and inclusivity.
- **Transformation and inclusivity**
  We are focused on fostering diversity and achieving B-BBEE targets. We focus on increasing representation at all levels of employment with 82.7% of our South African employees being black and 63.1% female.
- **Human rights**
  Issues can be reported through anonymous hotlines, which are externally managed and escalated when necessary. We track industrial actions, financial loss and employee participation in labour-related activities.
- **Labour standards**
  - **Child labour**
    Employment of underage groups is strictly prohibited.
  - **Forced labour**
    Employees have the freedom to choose to work.
  - **Equal opportunities**
    We practise non-discrimination in hiring, compensating, training and promoting based on race, religion, age, gender, disability or any other protected category.
  - **Freedom of association**
    Employees are free to join trade unions and participate in collective bargaining.
  - **Work hours and wages**
    We adhere to labour laws regarding working hours and minimum wages.
  - **Health and safety**
    We are committed to creating healthy and safe working environments, ensuring compliance with all health and safety regulations.
- **Trusted and responsible brands**
  Pepkor's brands have a legacy of more than 100 years and employees play a key role in upholding the reputation of our trusted brands. This reputation is reinforced by customer loyalty, brand recognition and industry awards, all of which are supported by our employees' dedication and service excellence.

Stakeholders (continued)

Communities

Approach

By investing in communities in which we operate we nurture relationships with the broader community. We engage in various projects that aim to improve living standards and focus primarily on education and promoting continuous learning and development. Each operating business employs tailored methods of social interaction and investment linked to their business strategies to ensure the effectiveness of their initiatives.

Channels of engagement

Our community engagement includes:

- In-store interactions
- Internal CSI champions
- CSI partners
- Direct interaction with initiative leaders and beneficiaries
- Customer concerns and considerations

Concerns and considerations

- **Essential products and services**
  We prioritise the needs of local communities by increasing access to essential services, such as 1Voucher and PAXI, enabling affordable purchases that might otherwise be out of reach. Pepkor focuses on maintaining a low cost of doing business to support Best Price Leadership in PEP.
- **Social investment**
  We are committed to appropriate social investment, continuously improving our CSI initiatives to drive shared value. This includes supporting ECD programmes and other community upliftment initiatives.

Key initiatives

- **Education and skills development**
  Pepkor invests in educational initiatives to ensure children have access to quality early childhood education.
- **Community upliftment**
  We participate in community upliftment efforts, contributing to social responsibility through financial support, partnerships with local organisations and initiatives that empower local communities.

Suppliers and business partners

Approach

Pepkor cultivates long-term, mutually beneficial partnerships with suppliers to ensure product quality and ethical standards. We support local sourcing and require social standards across our supply chain through comprehensive supplier codes of conduct addressing human rights, environmental sustainability and ethics. We also participate in the R-CTFL Master Plan to enhance local sourcing.

Channels of engagement

We engage with suppliers through:

- Sourcing offices
- Supplier conferences
- Buying and merchandising teams
- Supplier visits and compliance audits (PPS office)
- Formal contracts

Concerns and considerations

- **Consistency and reliability**
  We ensure that supplier relationships are dependable and ethical, with contracts strictly upheld.
- **Supplier code of conduct**
  The code addresses labour relations including human rights, health and safety standards, environmental policies, and business ethics. We work with suppliers to address non-compliance issues, striving togethr to improve business practices.
- **Localisation of supply**
  - **Public-private partnerships**
    Where possible, we support local manufacturing initiatives and aim to empower local suppliers and SMEs through B-BBEE-aligned enterprise development.

    Case study: Kelmik-PEP partnership

  - **Support for local suppliers**
    Building long-term partnerships with South African suppliers foster economic growth and job creation.
- **Focus on social and environmental impact**
  - **Compliance and audits**
    Our sourcing office conducts annual audits to ensure suppliers uphold ethical standards, particularly in areas of human rights, health and safety.
  - **Environmental responsibility**
    Suppliers are required to comply with all applicable environmental laws and regulations.

Stakeholders (continued)

Investors and capital providers

Approach

We prioritise sustainable growth to create and protect value for our investors. As businesses face rising pressure to embed sustainability, we have made significant progress in activating these efforts. Transparency and clear communication are at the heart of our investor relations, providing insight into performance, strategy and ESG efforts.

Pepkor investors have also helped improve B-BBEE ownership performance. Over the past two years, we achieved the maximum points under the ownership element of the B-BBEE Codes of Good Practice, meeting subminimum requirements with a score of 22.58.

Channels of engagement

We maintain open communication with investors through:

- Corporate reporting
- Annual general meetings and events
- Investor meetings

Concerns and considerations

- **Return on investment**
  We focus on operational efficiency and revenue growth to ensure sustainable returns.
- **Strategy and purpose**
  We align objectives with long-term value creation, using capital efficiently for growth.
- **Transparency**
  We disclose financial and operational performance timely and accurately.
- **ESG practices**
  We have integrated ESG into our operations, enhancing accountability for ESG practices.

Regulators and governing bodies

Approach

We maintain strong relationships with regulators like the JSE, Prudential Authority, SARS, NCR and FSCA, adhering strictly to laws and ethical standards. We have zero tolerance for non-compliance regarding laws and regulations.

Channels of engagement

- Regulatory engagement
- Industry initiatives

Concerns and considerations

- **Compliance and ethics**
  Regular training ensures staff follow key regulations (FSCA, NCA, POPIA, etc.), with audits to address non-compliance.
- **Non-compliance oversight**
  Strict reviews ensure all issues are managed promptly. Material instances of non-compliance are recorded and addressed by operating businesses and, where applicable, through external review, for example for compliance with OHASA.
- **National priorities**
  Contributions include local manufacturing (e.g. PepClo) and support for the R-CTFL Master Plan.
- **Community upliftment**
  Commitment to SDG 1 (No poverty), SDG 4 (Quality education), SDG 8 (Decent work and economic growth), B-BBEE improvement and the Ten Principles of the UNGC (Principles 1 – 6 and 10) which includes anti-corruption, human rights and labour standards.
- **Privacy protection**
  Compliance with POPIA and other data protection legislation ensures stakeholder data is secure, with clear communication of privacy rights.
- **Environmental responsibility**
  Aligned with SDG 12 (Responsible consumption and production) and UNGC principles (Principles 7 – 9), we promote sustainability, eco-friendly technology and environmental accountability.

	FY24
Cost of fines, penalties or settlements in relation to corruption	–
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation, by country and recipient/beneficiary	–
Number of significant environmental, social and/or governance-related incidents during the year	–
Number of whistle-blowing calls received	**172**