Stakeholder engagement report

At Pepkor, our relationships with stakeholders are central to building a sustainable and inclusive business. By listening, engaging and responding to the people and partners who shape our ecosystem, we build trust, resilience and shared value – ensuring Pepkor continues to serve as South Africa's most accessible and affordable retail platform.

Our approach to stakeholder engagement

Stakeholder engagement is a shared responsibility across the group, embedded within each operating business and guided at group level through Group Strategic Services. Every brand and BU is accountable for building relationships with the customers, employees, suppliers and communities they serve, while investor, regulatory and policy engagement is co-ordinated centrally. This decentralised yet unified approach ensures our engagement remains authentic, responsive and aligned with Pepkor's purpose: to make essential, quality products and services accessible to all.

Engaging with external stakeholders

Pepkor collaborates with trusted partners across its value chain – from suppliers, industry bodies and NGOs to social enterprises – to deepen impact within our business, supply chain and communities. Guided by the UN Global Compact (UNGC) and OECD principles, we actively participate in national and sector initiatives that promote responsible sourcing and ethical business conduct.

Adapting to a changing disclosure and regulatory landscape

Increasing regulation and evolving IFRS Sustainability Disclosure Standards require standardised, science-based transition plans and detailed sustainability risk reporting. This is driving higher transparency and accountability. Pepkor supports this shift and is adapting systems and processes to align with evolving local and international requirements. We have the opportunity to help raise industry standards and advance our Building Better Business commitment to inclusive and responsible growth.

Strengthening our stakeholder practice

The 2025 reporting year has seen an increase in stakeholder concerns and expectations across the retail sector. We have therefore enhanced our engagement model to reinforce trust, relevance and resilience.

Why this evolution matters

- **Trust and relevance:** Clear, evidenced responses to stakeholder concerns strengthen customer loyalty, supplier reliability, employee commitment and investor confidence.
- **Resilience:** Transparent reporting on how we are adapting sourcing, logistics and inventory to withstand global shocks helps reduce uncertainty for stakeholders and regulators.
- **Execution focus:** We will continue to review top stakeholder concerns and align those to profit-enabled initiatives (PEI) to scale our positive social and environmental impact through our business model.
- **Continuous benchmarking:** We will annually benchmark Pepkor's disclosures against best practice to ensure we remain aligned with South African and global integrated reporting standards..

Our engagement is guided by a clear communication strategy that:

- delivers mutual value for both Pepkor and the stakeholders we engage with;
- addresses the unique needs, expectations and priorities of each stakeholder group;
- aligns with our strategic intent, material issues and long-term purpose;
- is grounded in transparent, ethical and ongoing interaction; and
- complies with our stakeholder engagement policy, code of ethics and data protection principles (Protection of Personal Information Act (POPIA).

PEPKOR Holdings Limited

Our stakeholders, engagement and key issues can be summarised as follows:

STAKEHOLDER	THEIR EXPECTATIONS	HOW WE ENGAGE/PEPKOR'S RESPONSE	FY25 PERFORMANCE HIGHLIGHTS
Customers	Affordable quality products and services that meet essential and aspirational needs. Seamless in-store and online experiences.	Data-driven customer insight and feedback (Voice of Customer). Expansion of omnichannel retail (PEP Home, Speciality and Lifestyle online). Personalised engagement via +more loyalty and fintech solutions, such as lay-by and A+.	**> 32 million** known customers **+17%** online sales **13 million** +more customers
Employees	An inclusive workplace, growth through meaningful development opportunities, fulfilling employee journey from recruitment to exit.	Driving a leader-led strategy focused on talent attraction, retention and culture change, supported by leadership and store-level development programmes. Strengthened by a sought-after employer brand that attracts and retains talent throughout the employee life cycle.	**83.23%** black employees **824** Lead and Ascend leadership training hours **17%** employee turnover **1 million** LinkedIn followers
Suppliers and business partners	Ethical trade terms, reliability and shared growth. Compliance with labour and sourcing standards and responsible sourcing.	Responsible sourcing aligned with the R-CTFL Master Plan, supplier and enterprise development, supplier code of conduct adherence, strengthened supply chain transparency and local manufacturing partnerships. Fair payment terms and collaboration on sustainable production. Participation in supplier climate dialogues and capability building.	**1 200** suppliers signed to comply with Pepkor's code of conduct **148** suppliers engaged in supplier conference covering BBB supplier goals
Investors and shareholders	Sustainable growth, transparency and clear linkages between ESG performance and financial outcomes.	Integrated reporting, investor briefings, capital markets day and Q&A sessions. Enhanced ESG disclosure, value-creation metrics and initiatives such as FoneYam demonstrating profit-enabled impact.	Second-time inclusion in Top 30 companies in JSE/RI **68** PEI projects across the group
Government, legislators and regulators	Compliance with laws, localisation, transformation and ethical conduct.	Engagement through industry forums and policy consultations, active participation in B-BBEE, EPR, tax, NCR, FSCA and JSE processes, transparent reporting on compliance and localisation.	**235 million** local units sourced EPR paper and packaging scheme registered and internal plan developed
Communities and NGOs	Access to affordable products, job creation and local economic support.	Partnerships with NGOs and CSI programmes supporting education, sport, youth employability and enterprise development. Responsible credit initiatives, PAXI micro-logistics and financial literacy programmes.	**334** CSI NGO partners **20 100** PAXI micro entrepreneurs **170 000** Flash traders
Environment and climate partners	Credible climate strategy and measurable progress.	Implementation of logistics and energy-efficiency measures, sustainable packaging and waste reduction, supplier climate engagement, and climate risk reporting through the BBB Road to Green pillar.	**2%** fuel reduction since 2017 **> 200%** increase in renewable energy intensity

External partners: DO MORE FOUNDATION, WRAP, WWF

Internal partners: PEP ACADEMY, PEP Foundation, Ackermans ububele

Compliance/reporting partners: FTSE4Good, CDP, forestry, fisheries & the environment — Department: Forestry, Fisheries and the Environment, Republic of South Africa

Customers

Customers remain at the heart of Pepkor's success. Our focus is on providing affordable, quality products that meet essential and aspirational needs – from schoolwear and basics to fashion, furniture, homeware and electronics. Each BU tailors its customer strategy using data-driven insights and feedback mechanisms to ensure relevance and reliability.

Channels of engagement
In-store interactions and mystery shopper programmes
Customer surveys, focus groups and social media platforms
Direct correspondence, call centres and after-sales service
Digital and loyalty platforms, including the +more programme

New and ongoing concerns

- Omnichannel and personalisation have become standard customer expectations.
- Budget pressure persists as consumers continue to trade down, seeking reliability and promotions.

MM1 MM2 MM3 MM5 SRC MC

Response

- **Providing customers with access** to quality and essential products at the lowest possible cost focusing on BPL. We continue to support financially constrained customers without compromising on value or trust.
- **Deepening our price leadership** strategy by strengthening 'value + durability' across essentials (schoolwear, kidswear, footwear, home and furniture lines).
- **Accelerating digital convenience** with home delivery, click and collect, nationwide returns and enhanced stock visibility by strengthening our omnichannel ecosystem across retail brands. The launch of PEP Home online extends affordable homeware into both physical and digital channels, while Pepkor Speciality and Pepkor Lifestyle already offer fully enabled online shopping platforms.
- **Expanding the +more loyalty programme** to personalise rewards and engagement.
- **Integrating fintech solutions** – credit (A+ store cards), lending (Capfin), lay-by, digital payments and wallet access – to improve affordability and inclusion for low-income consumers.
- **Voice of Customer** (VoC) is driven by Pepkor's data-driven customer intelligence framework that positions data as a cornerstone of customer experiences. Through predictive analytics, segmentation and hyper-personalised engagement models, Pepkor uses insights from surveys, sentiment analysis and behavioural data to enhance customer loyalty and satisfaction. These feedback loops directly inform product development, channel optimisation and service improvement, ensuring that the VoC is embedded in business decision-making across all retail brands.
- Providing customers with **cost-effective smartphone rental options**, Pepkor bridges digital inclusion and commercial sustainability – creating shared value through connectivity, affordability and responsible financial innovation.
- In South Africa, clothing spend rose YoY in mid-2025, but sentiment remains fragile with customers prioritising **value and quality** over discretionary spend. Pepkor's response focuses on product innovation and local sourcing to deliver quality, durable products at affordable prices. Across our value chains, initiatives such as sustainable denim development, 100% cotton basics through suppliers like Kelmik and 'made-to-last' design principles strengthen product longevity. Improved garment fit reduces returns, markdowns and waste – delivering both cost and environmental savings. The adoption of 3D sampling further accelerates design efficiency, shortens lead times and reduces fabric waste, aligning innovation with Pepkor's commitment to affordable, sustainable living.
- We recognise the importance of **ethical marketing,** advertising and sales practices as part of our commitment to offering value-for-money and building trust with our customers. While continuing to comply with all applicable consumer protection laws and industry codes, we aim to ensure that our marketing and promotional communications are truthful, clear and not misleading; that any claims (including those relating to social or environmental impact) are reasonably substantiated; that we avoid unfair pressure or exploitative targeting of vulnerable customer groups; and that our comparisons with competitors are conducted fairly. This reflects our intention to further review and evolve our marketing practices in line with best practice.

Employees

Our 48 500 employees are the foundation of Pepkor's performance. We are committed to creating an inclusive, safe and empowering workplace, underpinned by fair remuneration, career mobility and a culture of respect and learning.

Channels of engagement
Employee forums, performance reviews and conferences
Employee feedback forms and processes (Voice of Employee)
Training, learnerships and mentorship programmes
Digital and printed communication platforms
Whistle-blowing hotlines for anonymous reporting

New and ongoing concerns

- Representation of black talent at the right levels who are suitably qualified for the roles.
- Managing a large, diverse workforce requires timely decisions based on accurate data. Without digital tools, insight into workforce trends, capacity and engagement can be slow or inconsistent across divisions.
- Building and improving leadership training initiatives.
- Ensuring we have appropriate availability of talent for promotion.

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Response

- Strengthening diversity and representation across all levels of the organisation, fostering an inclusive culture where every employee feels valued and has a sense of belonging.
- Building a sustainable leadership pipeline through targeted succession planning and continuous development of high-potential talent.
- Building on data and technology to improve employee experiences and enable effective decision-making.
- Continuing to position the group as an employer of choice by attracting, engaging and retaining the right talent to enable strategic execution and long-term growth.
- Ensuring the right people are placed in the right roles at the right time, while developing business-aligned capabilities to build a future-ready workforce.

Suppliers and business partners

We cultivate long-term, ethical relationships with suppliers and logistics partners, emphasising quality, reliability and shared growth. Our sourcing strategy supports local manufacturing and aligns with South Africa's R-CTFL Master Plan to revitalise the textile, clothing, leather and footwear industries.

Channels of engagement
Supplier conferences and development forums
Contractual agreements and joint improvement projects
Engagement with landlords, logistics partners and service providers

New and ongoing concerns

- Supply chain transparency rising in importance.
- Ethical trade terms, timely payments, and a commitment to decent and fair sourcing and labour conditions.
- Global shipping disruptions (Red Sea rerouting, port congestion) and volatile freight rates impacting costs and lead times.
- Localising production to mitigate supply chain risk and reduce emissions.

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Response

- Near-shoring and local manufacturing are moving from concept to execution as retailers act to shorten lead times and improve reliability. Pepkor continues to advance local and responsible sourcing practices to enhance supply chain agility and support sustainable job creation in South Africa under the R-CTFL Master Plan.
- Enhancing supply chain transparency through on-time-in-full (OTIF) and lead time metrics.
- Strengthening supplier development programmes and collaborating on sustainable production methods.
- Managing tier one supplier compliance with the majority of suppliers having signed and agreed to our supplier code of conduct and memorandum of acceptance.
- Logistics efficiency initiatives build resilience and ensure continued delivery of affordable, quality products to customers.
- Logistics shocks negatively impact sales performance, with delayed seasons and port congestion prompting retailers to rethink supply chain resilience. Pepkor is mitigating these risks through logistics climate response plans, including the use of alternative ports, multiple shipping lines and diversified sourcing to strengthen continuity and reduce cost pressures.

Investors and shareholders

We aim to deliver sustainable, long-term value to shareholders through consistent performance, disciplined capital allocation and transparent communication.

Channels of engagement
Annual general meetings, results presentations and investor roadshows
One-on-one meetings and conference participation, i.e. Capital Markets Day
Integrated, sustainability and quarterly trading updates

New and ongoing concerns

- Global macroeconomic uncertainty, supply chain disruptions and the need for clarity on capital allocation.
- Investors are demanding tighter integration between ESG metrics and financial performance, particularly in areas of cost efficiency, cash conversion and growth. FoneYam exemplifies this connection, enabling affordable digital access while driving profit-enabled impact.

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Response

- Linking remuneration with specific KPIs, including B-BBEE and FTSE inclusion.
- Strengthen disclosure on the returns of logistics, digital and sustainability investments.
- **At brand and operations level**
  - Managing clear bridge metrics such as stock turns, markdown ratios and using 3D sampling to demonstrate how operational excellence translates into financial outcomes. ESG levers, including energy savings, waste reduction and local sourcing, are integrated into value creation – connecting responsible operations and performance.
- **At group, leverage and efficiency level**
  - Driving cost reduction through carbon reduction by expanding solar installations, accelerating LED lighting conversions and improving transport and logistics efficiency across the supply chain. Initiatives enhance resilience, reduce operating costs and contribute to the group's carbon-reduction targets under Road to Green.
  - Enhance investor relations transparency through regular Q&A summaries post-results announcements.
  - There is a stronger emphasis on assurance and materiality clarity, with limited assurance over key non-financial metrics now standard among leading JSE-listed retailers. Pepkor continues to strengthen the credibility of its sustainability disclosures through enhanced data validation, assurance/internal audit reviews and integration of ESG metrics into its enterprise risk management and reporting processes. This ensures that non-financial information – particularly on energy, emissions and social impact – is accurate, comparable and decision-useful for investors and other stakeholders.

Government, legislators and regulators

Pepkor maintains open, transparent relationships with regulatory bodies and government authorities. We strictly comply with the laws and regulations governing retail, consumer finance, tax and data privacy.

Channels of engagement
Participation in policy consultations and industry forums
Regulatory reporting and compliance audits
Engagement with the JSE, SARS, NCR, FSCA and Department of Trade, Industry and Competition

New and ongoing concerns

- Compliance with consumer protection and data privacy laws.
- Climate Change Act obligations and regulations, EPR, localisation and transformation targets.
- Supply chain resilience.

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Response

- Maintaining a clear policy engagement register within the integrated report, including submissions, topics and outcomes.
- Reporting progress on B-BBEE, localisation and supplier development in annual results and integrated reports.
- Continuing to contribute to national manufacturing goals through PepClo and enterprise development initiatives.
- Continuing engagement with the JSE to keep abreast of standardised global sustainability standards.

Communities and NGOs

Pepkor is deeply rooted in the communities we serve. We invest in education, sport, job creation and financial inclusion, focusing on initiatives that build local capacity and resilience.

Channels of engagement
CSI champions and partner NGOs
Enterprise development programmes and skills initiatives
Direct engagement with local community leaders and beneficiaries

New and ongoing concerns

- Cost-of-living pressures and the need for access to affordable products and services.
- Job creation and youth employability remain priorities for communities and funders.
- Responsible credit and digital financial inclusion are increasingly material issues.

Response

- Reporting community investment outcomes, focusing on employment, enterprise support and education impact.
- Strengthening responsible credit frameworks and financial literacy programmes across brands.
- Supporting informal traders through affordable payment systems, lay-by, micro-logistics (PAXI) and training partnerships.

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Environment and climate partners

Adverse weather events present a material risk to the retail industry – from supply chain disruptions to cost and infrastructure pressures. Pepkor's environmental response focuses on efficient and resilient transport and logistics, energy efficiency, packaging and waste reduction, water conservation and sustainable sourcing.

Channels of engagement
Supplier climate dialogues
Industry platforms and external environmental partners
Internal environmental management committees

New and ongoing concerns

- Increasing exposure to floods and droughts across southern Africa, affecting operations and logistics.
- Rising expectations for credible decarbonisation plans and transparent emissions reporting.

Response

- Implementing climate resilience measures in stores, warehouses and logistics infrastructure.
- Strengthening supplier environmental criteria and supporting greener production methods.
- Reporting on freight emission reduction and energy efficiency, linking outcomes to operational cost savings and risk reduction.

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