ACTIVE SHAREHOLDER

VOTE YOUR SHARES. SECURE YOUR FUTURE

PEPKOR Holdings Limited

Pepkor Holdings Limited

https://pepkor.co.za/latest-results/

Annual General Meeting

24 February 2026

Financial Year End: 30 September 2025

Proxies voted	No of shares
Sanlam: Ditikeni Trust	85 500
Vunani: Ditikeni Trust	100 000
Vunani: The Labour Research Trust	58 870
Vunani: Social Action Change Trust	67 000

In FY2025, Pepkor Holdings Limited demonstrated significant operational resilience and achieved record profit growth, successfully leveraging its massive physical footprint to fuel an expanding digital ecosystem.

Financial and Operational Outcomes

The group reported revenue growth of 12.0% to R95.3 billion, while operating profit increased by 13.2% to R11.1 billion. A standout metric was the 23.4% rise in normalised headline earnings per share (HEPS) to 161 cents. This performance was underpinned by a defensive retail core and the high-growth FinTech segment, which saw revenue surge by 31.1%.

Operationally, Pepkor surpassed the 6,000-store milestone, opening approximately 25 stores per month. The Flash business digitised R60 billion in cash, and the FoneYam cellular rental platform reached over 2 million active customers, significantly contributing to group profits while promoting digital inclusion. Despite these successes, the group's return on equity remains impacted by substantial goodwill and intangible assets (R49.3 billion) stemming from its 2017 listing restructure.

Adverse Conditions

Pepkor operated within a **muted macroeconomic environment** defined by fragile consumer sentiment and high interest rates. Specific headwinds included:

- Aging public infrastructure and erratic energy and water supplies in South Africa posed risks to operational continuity.
- High unemployment (>32%) and rising living costs squeezed the disposable income of Pepkor's core customer base.
- Severe flooding in Brazil and parts of South Africa disrupted agriculture, logistics, and retail activity.
- Management took the strategic decision to close or convert all 113 Shoe City stores during FY2026 due to the format being subscale and underperforming.

Governance and Ethical Nuances

While the group maintained its status in the FTSE/JSE Responsible Investment Index Top 30, it faced notable shareholder scrutiny. At the February 2025 AGM, more than 25% of shareholders voted against the remuneration implementation report. In response, the group has committed to a "skills refresh" for the board and has amended FY2026 incentives to include stricter transformation targets and a return metric.

Planned Opportunities

Pepkor has positioned itself for aggressive expansion through several strategic channels:

- **Strategic M&A:** The acquisition of Choice Clothing marked an entry into the off-price segment, while post-year-end acquisitions of Retailability brands (Legit, Swagga, Style) will drive market share in womenswear.
- **Banking Presence:** The group received regulatory approval to establish a banking presence in South Africa, aiming to deepen financial service integration.
- **FinTech and SaaS:** The acquisition of CloudBadger provides a modern platform to position Pepkor as a third-party software vendor.
- **Omnichannel Growth:** The successful launch of PEP Home online in October 2025 signals a push to bridge physical and digital retail experiences.

The group plans to open 250 to 300 new stores in FY2026, focusing on capitalising on its Best Price Leadership (BPL) position to outperform competitors in a price-sensitive market.

THE ACTIVE SHAREHOLDER
ESG INDEX

Active Shareholder is developing a mechanism by which to score a company's ESG. The summary alongside is from a beta version currently being tested. The metrics used to evaluate the five different aspects of ESG are available upon request. While not all of these are regulated and some are aspirational, they all reflect Active Shareholder's goals for ethical, sustainable, and fair governance.

These insights have been used in part to arrive at the proxy recommendations that follow.

Active Shareholder

Pepkor Holdings Limited

30/09/2026

Number	Theme	Score	Total	%	Weighting
1	Governance	9.08	14	65%	25.45%
2	Remuneration	7.00	11	64%	20.00%
3	Employment & Labour	6.59	9	73%	16.36%
4	CSI	2.60	7	37%	12.73%
5	Environment	10.00	14	71%	25.45%
	Total	35.27	55	**64%**	100.00%

Active ESG Score = 64%

Active Shareholder ESG Index

Beta2.02 (2025) Created by LRS in conjunction with Active Shareholder

Score		***Consequence***
below 50	=	*Vote against Chair of Board*
between 50 and 60	=	*Vote against Committee Chairs*
between 60 and 80	=	*Active commendation*
above 80	=	*Active endorsement*

1. **Governance (65%)** Satisfactory board independence (9/12) is overshadowed by failures to submit the Social and Ethics report or Annual Financial Statements for shareholder approval. Director overboarding and standing executive invitations to Remcom meetings remain concerns.

2. **Remuneration (64%)** Despite performance-linked incentives, the policy fails Active's guidelines due to three-year vesting periods and lack of relative market benchmarks – significant dissent (34.18%) on implementation signals persistent misalignment with shareholder expectations.

3. **Employment & Labour (73%)** Pepkor leads in learnerships (3 937) and female representation (74.5%). However, the absence of a broad-based ESOP and low disability representation (0.9%) highlights gaps in achieving systemic inclusion across the workforce.

4. **CSI (37%)** Targeting early childhood development is commendable, yet the score reflects spending (R65.7 million) being disproportionate to CEO pay. Active suggests SED spend should be five times executive remuneration to evidence a meaningful impact.

5. **Environment (71%)** Progress in solar PV capacity (12 MWp) and carbon efficiency is offset by increases in absolute waste-to-landfill and water intensity. The absence of third-party verification of climate metrics limits the credibility of disclosures.

PROXY RECOMMENDATIONS

	Resolution	Rationale	Vote	Outcome of AGM
	Presentation of audited Annual Financial Statements (AFSs) and reports	A vote on the Annual Financial Statements (AFS) is highly desirable and considered "best practice" by institutional guidelines. While a "large majority" of comparable companies put the AFS to a vote, Pepkor currently omits this step. The primary reason Pepkor does not offer a vote is that shareholder acceptance of the AFS is "not a legal requirement in South Africa". The company fulfils its legal and listing obligations by presenting the statements and seeking mandatory approval for items such as the external auditor's reappointment and the non-binding advisory vote on remuneration. This allows the company to satisfy compliance requirements while bypassing the voluntary governance measure. For this reason, we will vote against the ARC Chair. We urge that the AFSs be offered for adoption in the future.		
	To present the report of the Social and Ethics Committee	Voting on the Social and Ethics Committee (SEC) report is highly desirable and considered "best practice" by governance advocates like Active Shareholder. This practice aligns with investor demands for greater transparency on environmental and social matters. Pepkor currently presents the SEC report at the AGM combined with the presentation of the annual financial statements as a single agenda item. Shareholders vote on the appointment of the SEC members. However, a specific vote on the report itself is not a legal requirement in South Africa. We believe that it should nevertheless be presented for voting. This omission leads us to vote against the SEC Chair. We urge that this report be offered for adoption in the future.		
Ordinary Resolutions				
	Re-election of directors who retire by rotation			
1	Re-election of IM Kirk	Appointed June 2021 (4.3 years tenure). A CA(SA) and former Sanlam CEO, Kirk provides extensive strategic leadership and chairs the Investment Committee. However, holding 6 other directorships exceeds the Active Shareholder recommended limit of 4.	AGAINST	FOR: 95.96%
2	Re-election of RN Ntshingila	Appointed November 2023 (1.9 years tenure). Holding an MBA, she brings high-level technology and marketing expertise from roles at Meta and Ogilvy. Her appointment supports board diversity and provides a useful perspective on digital transformation and consumer branding.	FOR	FOR: 99.90%
3	Re-election of WYN Luhabe	Appointed 2019; Chair since 2020 (6.7 years tenure). This BCom graduate and seasoned entrepreneur specialises in economic	FOR	FOR: 98.34%

	Resolution	Rationale	Vote	Outcome of AGM
		empowerment. As an independent chair, she facilitates effective governance and aligns with diversity targets, holding only 1 other significant listed directorship.		
	Appointment of director			
4	Election of RJ Wainwright	Standing for election (0 years tenure). A CA(SA) and former Investec SA CEO (retired 2024), Wainwright offers deep investment banking and audit expertise. Per regulatory guidelines, his recent retirement necessitates a cooling-off period before he can be classified as an independent director.	FOR	FOR: 99.96%
	Re-appointment and appointment of the audit and risk committee members			
5	Re-appointment of HH Hickey	(Chairperson) Appointed June 2021 (4.3 years tenure). A CA(SA) and former SAICA chair, she has significant experience chairing audit committees for listed companies. Despite her deep financial expertise and independence, which make her highly fit to lead ARC oversight, the failure of her committee to offer the AFS for a vote leads us to vote against her.	AGAINST	FOR: 99.94%
6	Re-appointment of F Petersen-Cook	Appointed April 2018 (7.4 years tenure). An actuary with enterprise risk and sustainability qualifications, she brings 25 years of technical financial services experience. Her diverse skills complement the accounting-focused members, ensuring robust, multi-disciplinary risk oversight.	FOR	FOR: 94.66%
7	Re-appointment of ZN Malinga	Appointed June 2021 (4.3 years tenure). A CA(SA) with a BAcc (Hons), she has extensive experience in investment banking, real estate, and corporate governance. She is fit to provide essential financial literacy and investment-related perspectives.	FOR	FOR: 99.95%
8	Re-appointment of SH Müller	Appointed March 2018 (7.5 years tenure). A CA(SA) with deep institutional knowledge, he has served on the board since 2018. His extensive finance background and committee experience support continued stability and effective financial reporting oversight.	FOR	FOR: 95.91%
9	Appointment of RJ Wainwright	Appointed March 2018 (7.5 years tenure). A CA(SA) with deep institutional knowledge, he has served on the board since 2018. His extensive finance background and committee experience support continued stability and effective financial reporting oversight.	FOR	FOR: 100.00%
	Re-appointment of auditor			
10	Re-appointment of PricewaterhouseCoopers Inc.	Active follows IRBA guidelines, supporting the re-appointment of audit firms with tenures under 10 years. As PricewaterhouseCoopers Inc. (PwC) has served for 8 years, it remains within this limit. The lead auditor is Anton Hugo. Since Pepkor disclosed the firm's tenure and partner rotation, Active's ethical and transparency requirements are satisfied.	FOR	FOR: 91.17%
	Appointment of environmental, social and ethics committee members			
11	Appointment of F Petersen-Cook	(Chairperson) Appointed April 2018 (7.4 years). An actuary with specialist certificates in climate change	AGAINST	FOR: 94.71%

	Resolution	Rationale	Vote	Outcome of AGM
		and sustainability, she has chaired this committee for seven years. Her technical ESG expertise and deep institutional knowledge make her exceptionally fit to lead. The failure of the committee to present their report for a vote leads us to disapprove her appointment.		
12	Appointment of ZN Malinga	Appointed June 2021 (4.3 years). A CA(SA) with extensive investment banking and corporate governance experience. Her background provides the financial literacy and board-level oversight necessary for monitoring B-BBEE compliance and large-scale socio-economic development spend.	FOR	FOR: 99.95%
13	Appointment of P Disberry	Appointed June 2021 (4.3 years). She brings elite global retail experience from Tesco and Woolworths. Her specialist knowledge of supply chain management is regarded as vital for the committee's oversight of ethical sourcing and environmental resource efficiency.	FOR	FOR: 99.95%
14	Appointment of PJ Erasmus	CEO since 2022 (3.2 years). A CA(SA) with 16 years as former group MD. While King IV prefers non-executive majorities, his inclusion ensures the integration of sustainability into operational strategy and drives profit-enabled social impact.	FOR	FOR: 99.99%
	Non-binding advisory vote on Pepkor's remuneration policy			
15	Approval of remuneration policy	Pepkor's remuneration policy (Resolution 15) reflects a maturing framework that balances market competitiveness with shareholder concerns. Following a significant 34.18% dissenting vote on the implementation report at the 2025 AGM, the group amended its policy for FY2026 to include a return metric and higher transformation weightings. **Executive Remuneration Structure** Fixed pay is benchmarked at the 50th percentile of a retail peer group. For FY2026, the CEO and COO received 0% increases, reflecting a commitment to cost discipline. • STI Algorithm: Weighted toward earnings growth (90%) and B-BBEE (10%), with a new RONA metric for FY2026. • LTI Algorithm: Utilises statutory HEPS growth (75%), cash conversion (10%), and ESG targets (15%). **Critical Assessment against Active Guidelines** • LTI Vesting: The 3-year vesting period fails Active Shareholder's requirement for a duration of 4 years or longer to truly support long-term retention. • Relative Performance: Financial targets are measured against CPI and GDP rather than a comparative measure against the rest of the market, a key Active guideline. • Committee Independence: Contrary to Active's view that there should not be a standing invitation, the CEO and CFO attend all Remcom meetings by	AGAINST	FOR: 74.87%

	Resolution	Rationale	Vote	Outcome of AGM
		invitation, though they recuse themselves for their own pay discussions. • Wage Gap: While the group discusses "fair and responsible remuneration," it lacks the explicit internal pay ratio disclosure (CEO vs average employee) required by Active and the uncommenced Companies Act amendments. **Strengths** Pepkor's ESG integration is a benchmark for the sector, having formally included these metrics since 2017. Inclusion in the FTSE/JSE Responsible Investment Index is a commendable hurdle for LTIs. Furthermore, the increased Minimum Shareholding Requirements (MSR) (250% for the CEO) significantly improves long-term executive alignment. Despite these strengths, the issues raised in the assessment against Active Shareholder's policy lead us to disapprove the report.		
	Non-binding advisory vote on Pepkor's implementation report on remuneration policy			
16	Approval of implementation report on remuneration policy	The assessment of Pepkor's remuneration implementation report (Resolution 16) follows a period of intense shareholder scrutiny, after 34.18% of shareholders voted against the previous report at the February 2025 AGM. **Executive Remuneration Outcomes (FY2025)** Using the single-figure reporting method, the executive outcomes were: • CEO (PJ Erasmus): Total R30 401 000 (Basic: R16.86m; STI: R13.3m; LTI: R0). • CFO (RG Hanekom): Total R24 689 000 (Basic: R7.25m; STI: R5.68m; LTI: R10.89m). • COO (SNN Cardinaal): Total R46 971 000. Although not a director, his pay exceeds the CEO's due to a £250 000 retention bonus and significant LTI vesting. **Critical Gaps in Disclosure** Pepkor fails to meet several of Active Shareholder's specific implementation requirements: • <u>Internal Pay Ratio</u>: The group does not disclose the ratio between CEO pay and average/senior employee pay. Management argues this is not yet a legal requirement, despite it being an Active best-practice guideline for addressing South Africa's inequality. • <u>Pay Differentials</u>: There is no disclosure of pay ratios by race or gender, which is essential for assessing "equal pay for work of equal value" claims. • <u>LTI Vesting</u>: LTIs for FY2025 vested on a 3-year anniversary, directly contravening Active's policy requiring vesting periods of longer than 4 years to ensure genuine long-term alignment. **Response to Dissent** In a nuanced shift, the committee implemented 0% increases for the CEO and COO for FY2026 to	AGAINST	FOR: 78.50%

	Resolution	Rationale	Vote	Outcome of AGM
		address concerns that pay levels were too high. They also achieved an 84.4% vesting on 2023 share grants, demonstrating that performance hurdles are functional and not guaranteed. **Conclusion** While Pepkor has been responsive to the 2025 “revolt” by freezing fixed pay and adding a return metric for future cycles, the lack of transparency regarding the internal wage gap remains a critical failure under Active’s guidelines. Furthermore, the high quantum of the COO's retention-based pay risks undermining the “pay-for-performance” narrative, leading us to vote against the resolution.		
	General authority for directors to allot and issue ordinary shares			
17	Approval of general authority for directors to allot and issue ordinary shares	Active typically opposes general authorities to allot shares unless the resolution specifies the price, reason, and duration. Although Resolution 17 limits issuance to 5% (180 000 000 shares), the justification – to “take advantage of business opportunities” – is vague. Per Active’s guidelines, vague statements of intention are insufficient, preferring that directors seek shareholder approval for specific transactions instead.	AGAINST	FOR: 78.50%
	General authority for directors to issue shares for cash			
18	Approval of general authority for directors to issue ordinary shares for cash	Active typically opposes general authorities to issue shares for cash. Although Resolution 18 limits issuance to 180 000 000 shares (5%), the justification - to “take advantage of business opportunities” - is vague. Active’s guidelines state that vague statements of intention are insufficient to justify shareholder dilution. They prefer directors seek approval for specific transactions rather than non-specific mandates.	AGAINST	FOR: 78.02%
Special Resolutions				
	Remuneration of non-executive directors			
1.1	Board chair	5% increase is reasonable, but the policy lacks required attendance-based components.	AGAINST	FOR: 99.85%
1.2	Lead independent director	Fee lacks attendance linkage. Resolution is prophylactic as no LID is currently appointed.	AGAINST	FOR: 99.71%
1.3	Board members	While 5% increase aligns with management, fees are not linked to meeting attendance.	AGAINST	FOR: 99.48%
1.4	Audit and risk committee chair	Chairperson's fee lacks an attendance component despite 5% inflationary adjustment.	AGAINST	FOR: 99.55%
1.5	Audit and risk committee members	Membership fees fail Active’s criteria requiring a large component for meeting attendance.	AGAINST	FOR: 99.55%
1.6	Human resources and remuneration committee chair	Policy is not transparent regarding performance linkage through attendance at committee meetings.	AGAINST	FOR: 99.85%
1.7	Human resources and remuneration committee members	Annual flat fees without attendance weighting contravene Active Shareholder’s best-practice guidelines.	AGAINST	FOR: 99.85%
1.8	Social and ethics committee chair	SEC chair’s 5% increase is fair, but the fee structure lacks attendance linkage.	AGAINST	FOR: 99.85%

	Resolution	Rationale	Vote	Outcome of AGM
1.9	Social and ethics committee members	SEC membership fees are flat annual amounts, contravening Active's preference for attendance-based pay.	AGAINST	FOR: 99.85%
1.10	Nomination committee members	Nomination committee fees are flat and lack the necessary attendance-linked component.	AGAINST	FOR: 99.85%
1.11	Investment committee chair	Investment chair's fee increase is fair, but the structure lacks attendance weighting.	AGAINST	FOR: 99.85%
1.12	Investment committee members	Committee membership fees are annual flat amounts, failing Active's attendance-linkage requirement.	AGAINST	FOR: 99.85%
1.13	Director approved by Prudential Authority	Insurance compliance fee lacks attendance linkage, despite 5% alignment with group increases.	AGAINST	FOR: 99.85%
	Financial assistance to subsidiary companies or corporations			
2	Intercompany financial assistance in terms of section 45 of the Companies Act	Active generally supports intercompany financial assistance for treasury purposes, provided sufficient motivation is disclosed. Because Special Resolution 2 is specifically limited to foreign subsidiaries and explicitly excludes assisting directors or prescribed officers, it mitigates governance risks typically associated with section 45. This aligns with Active's stance that funding group companies is acceptable.	FOR	FOR: 98.91%
	Financial assistance for subscription/purchase of securities			
3	Financial assistance for the subscription and/or purchase of securities in the company or in subsidiary companies in terms of section 44 of the Companies Act	Active generally supports providing financial assistance to group companies and subsidiaries for legitimate treasury and funding purposes, provided sufficient motivation is disclosed. Special Resolution 3 is specifically intended to fund group activities via subsidiaries or financiers. Since the mandate targets internal capital efficiency rather than funding external shareholders, it aligns with Active's policy on responsible intercompany support.	FOR	FOR: 98.73%
	General authority to repurchase shares			
4	General authority to repurchase shares issued by the company	Active Shareholder opposes Special Resolution 4. Our policy generally rejects share repurchases in the open market because they treat shareholders unequally, benefiting only those who sell. Active prefers returning value through dividends or pro-rata offers to all shareholders. As this resolution authorises open-market repurchases rather than a general offer, it contravenes Active's principles regarding equitable treatment.	AGAINST	FOR: 99.07%

AGM OUTCOME

Based on the above voting results, all resolutions were passed by the requisite majority of Pepkor shareholders represented at the AGM, save for ordinary resolution 15, relating to the non-binding advisory vote on Pepkor's remuneration policy, which was voted against by more than 25% of the ordinary and combined votes exercised at the AGM.

Prior to the AGM, the Group engaged with shareholders representing 70% of the Group's issued share capital and the constructive feedback received from shareholders is appreciated. The continued support for the remuneration policy indicates a favourable shareholder view of the Group's remuneration philosophy. The input received from shareholders to date is under consideration. In addition to this, dissenting shareholders are invited to advise Pepkor of their concerns on the remuneration policy. invited to advise Pepkor of their concerns on the remuneration policy. invited to advise Pepkor of their concerns on the remuneration policy.