

**2021**  
**King IV™**  
**disclosure**

The information furnished below is a summary of Pepkor’s application of the King IV™ principles during the financial year ended 30 September 2021. It also refers to where these have been addressed in the reporting suite published on the company’s website.

This register serves to provide assurance that appropriate steps are being taken and that structures have been established to enable the company to ensure that the Pepkor group continues to effectively apply sound corporate governance.

Principle	Application	Reference
<p><b>1. The governing body should lead ethically and effectively.</b></p>	<p>The board of directors is the governing body and is committed to the good corporate governance principles as set out in King IV™, these being the overarching principles for an ethical foundation. The directors, guided by the chairman of the board, hold one another accountable for decision-making based on integrity, competence, responsibility, fairness and transparency.</p> <p>The board strives to ensure that the board and the group complies with all applicable legislation, regulations, standards and with its own code of ethics and internal policies in order to maintain the highest level of integrity and ethical conduct.</p> <p>Board members are under a legal duty to avoid conflicts of interest with the company and are obliged to make full disclosure of potential conflicts. In the event of a director having disclosed a possible conflict, they would be required to recuse themselves from discussions and decision making regarding the relevant matter. Directors are required to disclose their lists of directorships at each board meeting.</p> <p>Board members have a collective and individual responsibility of setting the tone for an ethical organisational culture, both at board level and across the group. Newly appointed directors are given appropriate induction into the business and affairs of the group, and the fiduciary duties applicable to the role of a director.</p> <p>The board charter, the group’s code of ethics and policies (such as that for Insider Trading) are reviewed regularly to ensure that they are appropriate and aligned to best practice.</p> <p>The board assessment process, which is conducted in accordance with the recommendations contained in King IV™ evaluates the effectiveness of the board and its committees. The results of these assessments are communicated to the board and the chairs of the relevant committees for further action.</p> <p>The board’s commitment to effective governance and leadership is reflected in the attendance of board and board committee meetings in the 2021 financial year, where there was 100% attendance by directors for scheduled board meetings.</p>	<p><b>Corporate governance report</b> <b>Pages 2 – 3, 6, 13 – 14</b></p>

Principle	Application	Reference
<p><b>2. The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</b></p>	<p>The board is accountable for ensuring ethical and effective leadership within the governance structures and policies adopted by the group. The board leads by example, collectively instilling and nurturing a group culture that is formalised in the Pepkor code of ethics. The code reflects the fundamental principles of Pepkor’s philosophy and embodies the belief that ethical behaviour is good business. The code is complemented by a number of corporate policies that provide detailed guidelines regarding specific issues.</p> <p>Management is responsible for the implementation of the code of ethics.</p> <p>The social and ethics committee assists the board to ensure an ethical culture is entrenched across the group. This committee is also responsible for various statutory duties, having regard to legal requirements and prevailing codes of best practice, relating to:</p> <ul style="list-style-type: none"> <li>• social and economic development, including employment equity and broad-based black economic empowerment;</li> <li>• good corporate citizenship;</li> <li>• the environment, health and public safety;</li> <li>• consumer relationships; and</li> <li>• labour and employment, including fair, responsible and transparent remuneration.</li> </ul> <p>In addition to the statutory duties, the committee also has the following duties, delegated to it by the board:</p> <ul style="list-style-type: none"> <li>• monitoring the group’s progress and initiatives with regard to corporate social investment;</li> <li>• ensuring the group’s ethics programme is managed effectively;</li> <li>• managing whistle-blowing, to ensure that all credible allegations are thoroughly investigated, while protecting the identities of all parties involved; and</li> <li>• monitoring that the group endeavours to engage constructively with regulators and ombudsmen in the industries in which the group operates.</li> </ul>	<p><b>Corporate governance report</b> <b>Pages 3, 21</b></p>
<p><b>3. The governing body should ensure that the organisation is seen to be a responsible citizen.</b></p>	<p>The company’s consolidated approach to corporate governance, at both business and group level, is focused on ensuring that the businesses and affairs of the group are managed in a responsible and ethical manner, to assist with the creation of value in the short, medium and long term, for the benefit of all stakeholders.</p> <p>While the board retains overall responsibility for ensuring that the group is, and is seen to be, a responsible corporate citizen, it is assisted in this regard by the social and ethics committee.</p> <p>Structures have been put in place to ensure that the company conducts its affairs as a responsible corporate citizen. The group its corporate governance practices and structures regularly to reflect best practice and to facilitate effective leadership and corporate citizenship.</p> <p>There is oversight and ongoing monitoring of the group’s approach to conducting its operations in a responsible manner in the workplace, the economy, society and the environment.</p>	<p><b>Corporate governance report</b> <b>Pages 2 – 3</b></p>

Principle	Application	Reference
<p><b>4. The governing body should appreciate the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</b></p>	<p>The board approves Pepkor’s strategic direction and purpose, and delegates to management responsibility for formulating strategy implementation in the short, medium and long term. Successful implementation of strategy through superior operational performance is in the best interest of all stakeholders and is a key responsibility for the board and management. The board approves the strategy and the performance measures and targets by which success is measured.</p> <p>In approving the strategy, the board takes into account risks and opportunities relating to the strategy and its implementation. The board also satisfies itself that the business model is appropriate to meet the group’s strategic objectives. The risk management function assists the audit and risk committee in providing analyses and guidance in assessing risk.</p> <p>The responsibility for implementing and executing the approved business budgets, strategies and project plans is delegated to management. Divisional management report on a regular basis to the executive committee on their performance, and to the board on a quarterly basis. Material matters that may have an impact on the implementation of the board’s strategy are reserved for the board, save where pre-approved materiality levels apply.</p>	<p><b>Corporate governance report</b> <b>Page 4</b></p>
<p><b>5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short, medium and long-term prospects.</b></p>	<p>The board assumes responsibility for the integrity and transparency of the group’s reporting and ensures that it addresses all material issues appropriately. The audit and risk committee assists the board with finalising the company’s annual financial statements.</p> <p>Publication of external reports and releases on SENS are made in terms of an approval process.</p> <p>The board, assisted by its committees, oversees that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</p>	<p><b>Corporate governance report</b> <b>Pages 1, 4</b></p>
<p><b>6. The governing body should serve as a focal point and custodian of corporate governance in the organisation.</b></p>	<p>The board is the focal point and custodian of corporate governance in the group. The scope of its authority, responsibility, composition and functioning is contained in a formal charter that is reviewed regularly. While the board is unwavering in its adherence to legislation and various codes and standards, its commitment to good governance goes beyond compliance.</p> <p>The board is supported by various committees, which have delegated responsibility to assist the board to fulfill specific functions. Each board committee is governed by a terms of reference. The governance structures have been aligned to King IV™ and the group has materially applied all the principles.</p> <p>Governance processes and policies are reviewed regularly to align with changes to regulations, to reflect best practice, and to ensure that the policies and processes remain relevant and fit for purpose.</p>	<p><b>Corporate governance report</b> <b>Pages 4, 6, 19 – 21</b></p>

Principle	Application	Reference
<p><b>7. The governing body should comprise the appropriate balance of knowledge, skills, expertise, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</b></p>	<p>The board charter requires that the majority of directors shall be non- executive, and the majority thereof are to be independent. As at 30 September 2021, 10 of the 12 directors were non-executive directors. Of the non-executive directors, 8 directors are independent. The CEO and CFO are members of the board.</p> <p>The arrangement for periodic retirement by rotation of board members are contained in the company’s memorandum of incorporation and complies with regulatory and statutory requirements.</p> <p>The process for the nomination, election and appointment of board members is formal, and transparent. The board has also set diversity objectives regarding its composition.</p> <p>Board members are required to declare their financial, economic and other interests at the commencement of each board meeting.</p> <p>The board members provide an updated register of directorships quarterly. In the event of a conflict of interest arising during discussions at board or committee meetings, conflicted directors are required to recuse themselves from discussions.</p> <p>New board members appointed to the board are given appropriate induction. The company secretary assists with the induction process.</p> <p>The board is responsible for managing effective succession of adequately skilled and experienced board members, executive and senior management and other key positions through properly mandated committees.</p>	<p>Corporate governance report Pages 5, 6 – 10, 12, 20</p>
<p><b>8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.</b></p>	<p>The board charter provides that the board may delegate particular roles and responsibilities to standing or ad hoc committees. The establishment of committees does not relieve the board of any of its duties.</p> <p>The following committees have been established, each operating in terms of formal terms of reference, according to the responsibilities delegated to it:</p> <ul style="list-style-type: none"> <li>• Audit and risk committee</li> <li>• Human resources and remuneration committee</li> <li>• Nomination committee</li> <li>• Social and ethics committee</li> <li>• Investment committee</li> </ul> <p>Committee membership has been balanced to ensure that that no individual will have the ability to dominate decision making. All committees consist of a majority of independent directors and are chaired by an independent non-executive director. The board and its committees fully complied with their terms of reference during the reporting period.</p>	<p>Corporate governance report Pages 4, 6, 19 – 21</p>
<p><b>9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.</b></p>	<p>The board acknowledges the importance of having regular evaluations conducted of the board and its committees. Performance evaluations, including evaluations of the board, board committees, chairmen, board and committee members are done regularly in terms of the policy.</p> <p>The details of evaluations are presented to the board and follow-up actions are taken in respect of identified improvement areas.</p> <p>The board has opted not to conduct an evaluation during the year ending 30 September 2021, due to the number of new board appointments that took place on 1 June 2021. A comprehensive evaluation of the board will be conducted during 2022.</p>	<p>Corporate governance report Page 14</p>

Principle	Application	Reference
<p><b>10. The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and effective exercise of authority and responsibilities.</b></p>	<p>The board has delegated the day-to-day management of the group to the CEO, which role has been clearly defined.</p> <p>The CEO, assisted by the executive committee, is responsible for the implementation and execution of the board’s strategy, policies and proposals approved by the board.</p> <p>To assist in fulfilling this role, the CEO is a permanent invitee to attend the meetings of all board committees.</p>	<p>Corporate governance report Page 12</p>
<p><b>11. The governing body should govern risk in a way that supports the organisation setting and achieving its strategic objectives.</b></p>	<p>The board assumes responsibility for the governance of risk by setting the direction for how risk is to be approached and addressed within the group.</p> <p>Without derogating from its overall responsibility for risk management, the board has delegated the responsibility to implement and execute effective operational risk management to business management.</p> <p>Pepkor’s risk management framework enables the group to effectively identify potential events that may affect its strategy and manage risks within acceptable levels, in line with its risk appetite.</p> <p>The audit and risk committee assists the board by providing an objective and independent view on the group’s finance, accounting and control mechanisms. In consultation with the external and internal auditors, the committee oversees that management’s processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.</p> <p>The group risk appetite and tolerance set the context for risk-adjusted decision-making in pursuit of the strategy. A common risk approach is established for all risks across the group. Executive management is accountable to the audit and risk committee for designing, implementing and monitoring the systems and processes that underpin risk management.</p> <p>Each division maintains a detailed risk register with mitigation plans.</p> <p>The group follows a combined assurance approach across three lines of defence. The approach differentiates and clarifies roles between assurance providers or functions that own and manage risk, functions that oversee risk, and functions that provide independent assurance.</p>	<p>Corporate governance report Pages 15 – 17</p>
<p><b>12. The governing body should govern technology and information in a way that supports the organisation setting and achieving strategic objectives.</b></p>	<p>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 audit and risk committee monitors the group’s technology and information initiatives and programmes on behalf of the board and submits reports on a regular basis.</p> <p>IT governance in the group is premised on decentralised business management being responsible for decisions relating to IT and digital within an agreed strategic framework, supported at group level through enablement and support, the building of capacity where required, and facilitation of initiatives where possible.</p> <p>Business management strategic IT projects and change portfolios are managed through an IT steering committee to enhance strategic alignment and prioritisation within each business portfolio.</p> <p>IT risks are managed by each business through continuous risk assessment and monitoring, and risk registers are updated quarterly. IT reports, inclusive of IT risk registers, are submitted to the audit and risk committee for each meeting, and inform the committee of the status quo of IT within the major businesses.</p>	<p>Corporate governance report Page 17</p>

Principle	Application	Reference
<p><b>13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</b></p>	<p>The board sets the standards aimed at ensuring regulatory compliance in all areas of the business. Responsibility for the implementation and execution of effective compliance management is delegated by the board to management.</p> <p>The board, however, retains ultimate responsibility for compliance with applicable laws, adopted non-binding rules, codes and standards.</p> <p>Through business management and reporting structures, the board and audit and risk committee are apprised of any material non-compliance with legislative or regulatory requirements.</p> <p>The group compliance function identifies the regulatory universe of the group and provides an advisory service to the business. Internal audit, as an independent assurance provider, supports the compliance process by monitoring and detecting where compliance risk is identified</p> <p>Significant fines or penalties incurred (if any) are reported to the board and/or audit and risk committee.</p> <p>In the event of material regulatory penalties, sanctions or fines for non-compliance with the group's statutory obligations being incurred, these are disclosed in the company's or as deemed appropriate by the board. There were no material penalties, sanctions, fines for contraventions of or non-compliance with regulations during FY21.</p>	<p><b>Corporate governance report</b> Page 17</p>
<p><b>14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</b></p>	<p>The board assumes responsibility for the governance of remuneration and sets the direction for remuneration across the group. The board has appointed a human resources and remuneration committee to ensure:</p> <ul style="list-style-type: none"> <li>• that the group's executives and management are fairly rewarded for the individual and joint contribution to the company's performance;</li> <li>• that the company remunerates fairly, reasonably and transparently at all levels to enable the company to achieve its strategic objectives; and</li> <li>• the securing of positive outcomes in the short, medium and long term.</li> </ul> <p>The group's remuneration policy and implementation report are presented to shareholders at each AGM of the company. At the March 2021 AGM, 90.3% of the voting rights exercised were in favour of the remuneration policy and 86.6% of the votes exercised were in favour of the implementation report. The remuneration policy and implementation report are outlined in the remuneration report, which is included as part of the Pepkor integrated reporting suite.</p>	<p><b>Corporate governance report</b> Pages 18, 20</p> <p><b>Remuneration report</b></p>
<p><b>15. The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports.</b></p>	<p>The group follows a combined assurance approach across three lines of defence.</p> <p>The group's combined assurance model includes, but is not limited to, the group's established internal audit, risk management and compliance functions, external auditors and regulatory inspections, together with such other external assurance providers as may be deemed appropriate, taking into account the nature of the group's operations.</p> <p>The audit and risk committee and the board receive regular reports from the external audit engagement partner, risk management, internal audit, compliance, legal and the company secretary in respect of the relevant issues.</p>	<p><b>Corporate governance report</b> Page 17</p>

Principle	Application	Reference
<p><b>16. In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</b></p>	<p>As a responsible corporate citizen, the board is committed to the Constitution of South Africa (including the Bill of Rights), and promotes the principles of fairness, accountability, transparency and the duty of representing the interests of all stakeholders in promoting a successful, sustainable and ethical business. The company regularly engages with stakeholders through various platforms.</p> <p>The social and ethics committee is mandated to provide guidance and oversight on all the group's activities impacting the environment, consumers, employees, the communities that the group serves, other stakeholders. In addition, the social and ethics committee monitors the company's sustainability and governance in relation to these identified stakeholders.</p>	<p><b>Corporate governance report</b> <b>Page 18</b></p>