

Stakeholders

The countries in which we operate continue to be challenged by socio-economic inequalities and hardships. Pepkor's strength lies in our ability to serve these consumers, to be their preferred shopping destination by providing them with access to products at affordable prices while supporting their communities. Pepkor's sustainability initiatives centre on our ability to create socio-economic value for our customers, communities, employees and suppliers.

Our approach to stakeholder engagement

Operating businesses handle engagement with their respective customers, employees, suppliers and communities. Investor and regulatory engagement is managed through Pepkor's Group Strategic Services.

Our communication approach should:

- deliver value to Pepkor and the individuals or groups we engage with;
- address specific requirements of relevant stakeholders;
- align with the group's strategic intent and purpose, considering material matters and risks;
- be the result of continuous interaction, often through interactions with operating businesses;
- maintain professionalism and ethics; and
- comply with the group's various policies and codes, including our stakeholder engagement policy, code of ethics and the Protection of Personal Information Act (POPIA).

CUSTOMERS

Approach

Customer communication is managed at operating business level, mostly through each consumer brand where marketing departments take the lead. Our customers are at the centre of our strategy and we aim to understand their environment and behavioural trends to best serve their needs, and create value and affordable living while respecting their privacy. We engage with them respectfully, while giving them access to quality products and services they need and want. The vast majority of people in our immediate communities have very little disposable income. Pepkor's strength lies in our ability to serve the needs of these consumers and to be their preferred shopping destination, making it possible for them to live with dignity and pride.

Channels

- In-store interviews and service interaction
- Focus group interviews
- Call centre interventions
- Communication via direct correspondence (with permission) or digital channels

Concerns/considerations

Affordability, accessibility and variety

Strategy and purpose

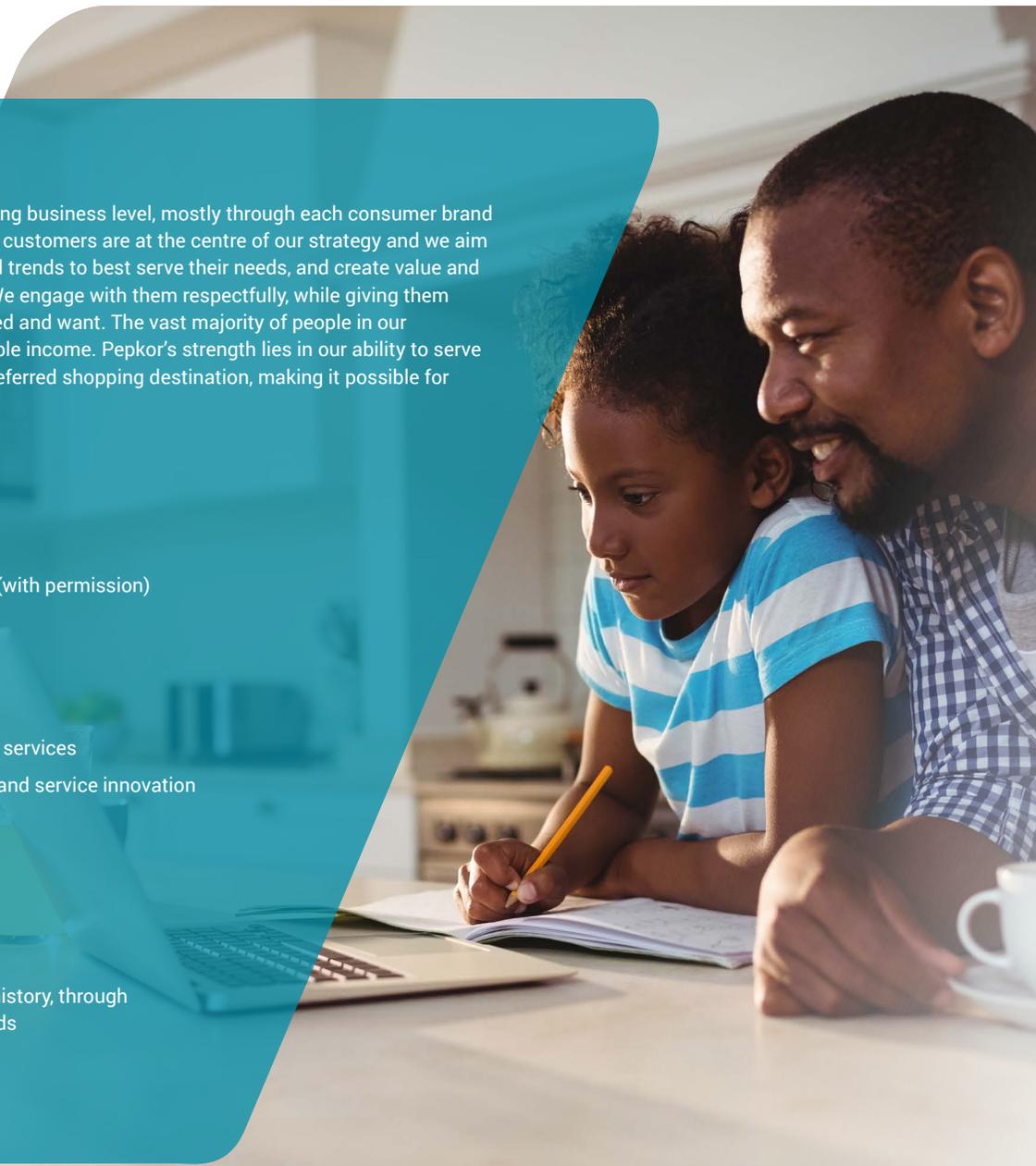
- Extensive store footprint with products and services
- Increased store footprint, product, channel and service innovation

Product and service delivery

- Customer service
- Customer satisfaction scores

Trusted and responsible brands

- Brand reputation
- Trusted brands with more than a 100-year history, through brand recognition and brand/industry awards



Stakeholders (continued)

EMPLOYEES

Approach

Our employees are instrumental in creating value for our customers and our business. We create a safe, inclusive and engaging working environment where employees are treated fairly and given the opportunity to develop as people and professionals. The HR function is decentralised through HR departments in each of the operating businesses and engagement is managed within the operating business. This includes interaction with organised labour.

Voluntary association with trade unions is allowed without distinction, and employees are free to join or form associations with trade unions of their choice, to bargain collectively, or to form worker representative groups in the context of the prescribed laws of their country of employment. In South Africa, 22.4% of employees belong to a union and 32.4% of employees are covered by company or industry-level collective agreements.

Channels

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

Concerns/considerations

Remuneration

Remuneration policy

- Annual reviews against industry benchmarks for salary comparatives
- Continuous improvements in our remuneration policy

Development opportunities

Training and development

- Increasing training hours for career development as well as personal development interventions

Trusted and responsible brands

Brand reputation

- Trusted brands with more than a 100-year history, through brand recognition and brand/industry awards

Work environment and culture

Health and safety

- Full compliance with regulation
- Transformation and inclusivity

[Read more: Employee development](#)

Transformation and inclusivity

B-BBEE

- Increasing a culturally representative employee base at all levels of employment

Human rights and labour relations

- Human rights issues are reported through anonymous hotlines. All reports are externally managed and escalated where necessary
- The group measures the number of industrial actions, financial loss and employee participation

Labour standards and policies focused on:

Child labour: the employment of underaged groups is regulated by law

Forced labour: the freedom to choose to work

Equal opportunities: no discrimination is applied in hiring, compensation, access to training, national origin, religion, age, disability, gender, marital status, sexual orientation or political affiliation

Freedom of association: the freedom to belong to organised trade unions and collective bargaining councils

Reducing excessive working hours and paying minimum wages

Health and safety: creating a healthy and safe working environment and complying with health and safety regulations

[Read more: Human rights policy](#)

COMMUNITIES

Approach

By nurturing our relationships with customers and employees, we make an important contribution to the communities in which they live and work, and where we operate. We assist through various projects that help to improve living standards. Our focus on education includes continuous learning and development of our own employees. Each operating business has specific methods of social interaction, based on the nature of their chosen initiatives and level of outcome

Channels

- Internal CSI champions
- CSI partners
- Direct interaction with initiative leaders and beneficiaries

Concerns/considerations

Essential products and services

Strategy and purpose

- Increased use of services like 1 Voucher and PAXI that enable communities to purchase products and use services they might otherwise not be able to access or afford
- Maintaining a low cost of doing business and best price leadership in PEP

Appropriate social investment

- Ongoing key initiatives
- Improving our CSI initiatives, looking for opportunities to drive shared value
- The number of children in ECD

Stakeholders (continued)

SUPPLIERS AND BUSINESS PARTNERS

Approach

Our relationships with our suppliers have been built over many years by focusing on developing mutually beneficial partnerships and opportunities for inclusive growth. We provide an opportunity for our partners to deliver on satisfying the needs of our customers. We are working on growing our local sourcing and putting in mechanisms to ensure the same social standards applied to our employees are equally applied across our supply chain.

Channels

- Sourcing office in China
- Buying and merchandising teams
- Supplier visits and compliance audits
- Contracts

Concerns/considerations

Consistency and reliability in the way business is conducted

Contracts and supplier code of conduct

- Implementation of enhanced supplier code of conduct across all group suppliers, including the full spectrum of product and service providers across various industry segments and categories
- Compliance of suppliers through various audit processes

Localisation of supply

Public-private participation

- Participation in industry and government initiatives including the R-CTFL Master Plan of the Department of Trade, Industry and Competition
- Increased support of local suppliers and SMEs within the South African context that includes enterprise development that supports B-BBEE

Focus on social and environmental impact

Compliance with updated supplier code of conduct

- Implementation of enhanced supplier code of conduct across the diverse spectrum of product and service providers and industry segments and categories, aimed at giving guidance to suppliers in terms of human rights, health and safety, the environmental policy and ethics

INVESTORS AND PROVIDERS OF CAPITAL

Approach

We create and protect value for our investors by growing our business sustainably. With growing pressure from investors for companies to integrate sustainability into business practices, we have been more intentional with activating and demonstrating our sustainability efforts, which has resulted in positive ratings from ratings agencies. We maintain transparency and consistency in all communication and engagement with the investor community.

 [Read more: ESG rankings and ratings](#)

Our investors in turn have also assisted with the improvement in our B-BBEE ownership performance in the last two years since we were able to claim on additional elements as per Section 100 of the B-BBEE Codes of Good Practice to meet our subminimum requirements. This year we have achieved the maximum points available under the ownership element and a score of 24.19.

 [Read more: B-BBEE scorecard](#)

Channels

- Corporate reporting and JSE-required communication
- Direct engagement at the group's annual general meetings (AGMs) and periodic events
- Results and investor presentations
- Meetings and investor conferences

Concerns/considerations

Return on investment

Strategy and purpose

- Investors are our main source of financial capital used to execute our strategy. Investors require sustainable growth and an acceptable return on capital investment

Appropriate and accurate disclosure and communication on performance and strategy

Accurate and transparent disclosure

- Engagement with the investor community is done on a regular basis in terms of regulatory requirements while considering best practice

Ethical and responsible business practices for long-term sustainability

- Integration of ESG material matters
- The integration of ESG material matters into our strategy and purpose, and enhancement of external reporting where necessary and appropriate

Stakeholders (continued)

REGULATORS AND GOVERNING BODIES

Approach

Key stakeholders in this group include the JSE Limited, Prudential Authority, South African Revenue Service (SARS), Information Regulator, National Credit Regulator (NCR), and Financial Sector Conduct Authority (FSCA). The group has zero tolerance for non-compliance regarding laws and regulations. We further build solid relationships with a collaborative approach.

Channels

Appropriate engagement with government, policymakers, legislators and industry regulators takes place where and when necessary.

Concerns/considerations

Regulatory compliance and ethical business practices

Training

- Provide awareness and training programmes for regulatory risk areas across businesses including FSCA, National Credit Act, Consumer Protection Act, POPIA, Occupational Health and Safety Act (OHASA), and anti-bribery and corruption

Non-compliance

- Material instances of non-compliance are recorded and addressed by operating businesses and, where applicable, through external review, for example for compliance with OHASA

Concerns/considerations

Responding to national priorities

Participation as significant economic contributor

- Support the R-CTLF Master Plan and FIMP by increasing our number of product units manufactured (in PepClo) or through local procurement

Continued investment in community upliftment

Making a positive difference in communities

- Measured support of SDG 1, annual tax contribution and improved B-BBEE contributor level status

Privacy protection

We have a set of privacy values that is published on our website, and we abide by privacy laws such as POPIA in the jurisdictions where we operate. We make every effort to ensure personal information from all stakeholders entrusted with us is adequately protected and used only for legitimate purposes, and customers have the choice to provide consent to receive communication from us, and the right to access and amend their records that we hold.

The Ten Principles of the UNGC guide companies to do business responsibly.

They are encouraged to widely incorporate these principles into strategies and operations and the group fully supports these principles. We have a zero tolerance for unlawful behaviour, adhering to all laws in all countries in which we operate. We uphold the seven principles associated with managing our relationships with stakeholders:

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure they are not complicit in human rights abuses
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Uphold the elimination of all forms of forced and compulsory labour
5. Uphold the effective abolition of child labour
6. Uphold the elimination of discrimination in respect of employment and occupation
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms

	2023
Cost of fines, penalties, or settlements in relation to corruption	0
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation, by country and recipient/beneficiary	0
Number of significant environmental, social and/or governance-related incidents during the year	0
Number of whistle-blowing calls received	176

[Read more: Code of ethics](#)

[Read more: Human rights policy](#)

[Read more: Supplier code of conduct](#)

[Read more: Anti-bribery and corruption policy](#)