AUSTRALIAN SHAREHOLDERS' ASSOCIATION

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Handling of litigation and CEO termination doesn't pass the "pub test"

Company/ASX Code	Super Retail Group / SUL
AGM time and date	10.00 am (AEST) on Thursday, 23 October 2025
Location	6 Coulthards Avenue, Strathpine Queensland 4500
Registry	MUFG
Type of meeting	Hybrid
Monitors	Paul Donohue & David Midwood
Pre-AGM Meeting	Yes, with Judith Swales (Board Chair), Peter Everingham (Chair of Rem Committee) & Mark Christensen (GM Investor Relations).

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	Vote
2	Adoption of the Remuneration Report	Against
3.1	Election of Ms. Kate Burleigh as a Director	For
3.2	Re-election of Ms. Judith Swales as a Director	Against

2. Summary of Issues and Voting Intentions for AGM/EGM

- Workplace litigation with two whistle blowers.
- Termination of the CEO.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

Super Retail Group reported acceptable results for FY25. Group sales surpassed $4 billion for the first time, but margins were down slightly, and costs were up, resulting in an 8% drop in Statutory NPAT.

Costs related to legal action against whistle blowers and remediation of historical underpayments related to employee entitlements were excluded from the Normalised NPAT which was down 4%.

BCF and rebel performed well, while Supercheap Auto and Macpac were below expectations.

The Cost of Doing Business increase of 4.5% was attributed to rising costs from wages, rents, and energy. Theft, particularly organised theft from rebel stores in Victoria, is also starting to show up in the results.

Online distribution is growing but nine out of ten transactions are still completed in-store. Depending on your perspective, which is either a sign of an old-fashioned distribution model or an opportunity for growth.

Club membership grew by 1 million members or 9% to 12.5 million. Better engagement with these loyal customers is seen as a key growth avenue.

A new five-year strategy will be released in first half of FY26 but is likely delayed due to the former CEO's departure and the need for his replacement to have input into the new strategy.

Financial performance

(As at FYE)	**2025**	**2024**	**2023**	**2022**	**2021**
NPAT ($m)	221.8	240.1	263.0	241.2	301.1
UPAT ($m)	232.4	242.1	273.5	244.1	306.8
Share price ($)	14.06	13.95	11.43	8.49	12.91
Dividend (cents)	96.0	119.0	103.0	70.0	88.0
Simple TSR (%)	7.7%	32.5%	46.8%	-28.8%	71.3%
EPS (cents)	98.2	106.3	116.5	106.8	133.4
CEO total remuneration, actual ($m)	3.32	4.11	3.93	3.80	3.35

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Governance and culture

The issue of workplace litigation has dominated coverage of Super Retail Group for the last two years. This relates to an undisclosed relationship between the former CEO, Anthony Heraghty, and the former Chief Human Resources Officer, Jane Kelly.

Two whistleblowers, former Chief Legal Officer Rebecca Farrell and former Company Secretary Amelia Berczelly called out the affair and alleged workplace bullying, inappropriate use of company funds and breaches of the Corporations Act.

The Board, then led by Dr Sally Pitkin, commissioned an independent external review which found the allegations were "unsubstantiated". Based on this finding, the company adopted a combative legal strategy against Farrell & Berczelly. In April 2024 the company announced that it anticipated potential damages ranging from $30 million to $50 million which led to escalating legal proceedings between the parties.

To make things worse, the Australian Securities and Investments Commission (ASIC) also commenced an investigation into the circumstances surrounding the whistleblower complaints. Super Retail Group has set aside $11.3 million for expenses related to regulatory and litigation matters.

The ongoing crisis culminated in September 2025, when Heraghty was terminated with immediate effect after he provided the Board with new information demonstrating his "prior disclosures were not satisfactory" (source: ASX announcement 16 September 2025). In layman’s terms, evidence emerged and the Board had no choice but to make a change at the top.

To reflect the severity of the governance failure, the Board exercised its discretion to lapse performance rights worth approximately $7.4 million (media-reported estimate). However, the CEO was still scheduled to receive a cash bonus of $620,760.

The company reached a settlement with Farrell and Berczelly in late September 2025. Super Retail’s public announcement confirms the settlement was confidential and that the settlement amount was less than the $30–$50m range previously flagged.

The CEO’s dismissal and the later confidential settlement are public facts. The drawn-out nature of the matter has understandably left retail shareholders asking a lot of tough questions around how the issues were handled: Who knew what and when? Was the Board’s oversight and the company’s governance processes sufficient? And was the right balance struck in responding to the conflicting accounts of executives and whistleblowers?

Given the competing stories at the time, many shareholders would wonder how the Board decided which version to believe. And whether enough scrutiny was applied before taking sides.

Key events

Supercheap Auto launched its new "Spend & Get" membership loyalty program, replacing the Best Price Credit program.

The Group opened 31 new stores and closed 8, with a net increase of 23 locations across Supercheap Auto, rebel, BCF and Macpac.

Key board or senior management changes

Board

- 2024 AGM: Ms Judith Swales replaces Dr Sally Pitkin retired as Chair.
- Sep 2024: Mr Colin Storrie appointed as an Independent Non-Executive Director.
- Nov 2024: Ms Kate Burleigh appointed as an Independent Non-Executive Director.

Management

- Feb 2025: Craig Wickham replaces Darren Wedding as Interim Chief Supply Chain Officer.
- Sep 2025: Mr Anthony Heraghty terminated after misleading the Board.

Sustainability/ESG

Super Retail Group has a good track record on sustainability and other ESG issues. Their Responsible Business Report is full of positive examples and such as reduction in injury rates, female workforce participation, gender pay gap, reduction in emissions, waste diverted from landfill, targeted recycling initiatives (batteries at SCA & sports shoes at Rebel) and responsible sourcing.

4. Rationale for Voting Intentions

Resolution 2 Adoption of the Remuneration Report (Against)

In normal times, ASA might highlight the Remuneration Report's deviation from our guidelines in areas such as the performance period for Long Term Incentive (LTI) or the percentage of Short-Term Incentive (STI) that is deferred. However, these are not normal times.

Prior to the former CEO's termination, he was in line to receive 100% of his fixed remuneration, 74% of his STI and 100% of his LTI. The Board dialled down the STI "to reflect shared accountability for mixed group results, cost overrun on the Human Resources Core & Payroll system program, and SCA performance". There was no penalty related to the financial and reputational damage for which the former CEO is now held responsible because he enjoyed the full support of the Board.

After terminating Heraghty, the Board acted quickly and lapsed his unvested incentives and vested but unexercised rights, totalling approximately $7.4 million. You could be forgiven for thinking that was the maximum financial penalty at the Board's disposal. However, the former CEO cash bonus of $620,760 was not withheld and no attempt was made to exercise the clawback provisions in the Employee Equity Incentive Plan (EIP).

These provisions give the Board discretion to lapse both vested and unvested awards and to seek repayment for shares that have already been sold. These powers can be exercised in cases of fraud, dishonesty or breach of obligations. Surely if a CEO is found to have mislead the board for almost two years, it is appropriate to seek the most severe penalty possible.

ASA will vote against the remuneration report to reflect profound disappointment at the underutilisation of Board discretion.

Resolution 3.1 Election of Ms. Kate Burleigh as a Director (For)

Ms. Burleigh has over 25 years of experience in executive and board roles across technology, telecommunications, retail, and consumer lifestyle sectors, including leadership positions at Amazon and Intel. She has considerable experience in leading digital transformation initiatives which should be beneficial at Super Retail Group.

She became a member of the Board in November 2024, following the approval of the unsuccessful legal action against whistleblowers.

ASA will vote in favour of Ms. Burleigh's election.

Resolution 3.2 Re-election of Ms. Judith Swales as a Director (Against)

Ms. Swales has been on the Board during the entire workplace litigation saga. While it is true she was not the Chair when the Board's strategy was agreed, she has been in that role since October 2024 and cannot shirk responsibility for the Board's continued pursuit of a strategy that now seems, at best, ill advised.

There is little evidence that, after deciding the back the former CEO, the Board reviewed that position at key inflection points such as each escalation in the legal proceedings. Shareholders will never know if a different strategy might have brough this episode to a close sooner and at less cost.

While Ms. Swales and the other Board members should be commended for taking swift action once the relevant facts became clear, some shareholders might wonder if action could have been taken sooner. Should financial ramifications for the CEO have been applied earlier in the process?

As a member of the Board Human Resources and Remuneration Committee (BHRRC), Ms Swales was one of the people who decided that the circumstances did not warrant the harshest penalty possible, i.e. withholding the cash bonus and utilising the claw back provisions. This is a failure to adequately align remuneration with governance outcomes.

ASA will vote against Ms. Swale's re-election.