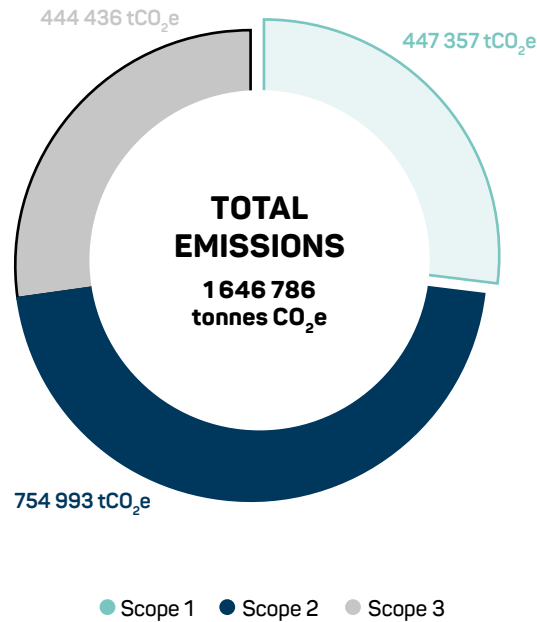


Reducing environmental impacts



We are committed to reducing our negative impacts on the environment while building the resilience of our operations.

Understanding our impacts: the Group's GHG emissions footprint



Key drivers of our footprint

SCOPE 1	<p>447 357 tCO₂e</p> <p>Our direct emissions are driven by emissions from refrigerants and aircons, as well as emissions from onsite combustion of fuels, diesel for backup generators, and fuel used in company cars and aircraft.</p>
SCOPE 2	<p>754 993 tCO₂e</p> <p>Our indirect emissions are related to purchased electricity used to power our stores, distribution centres, and offices, and energy used for heating, ventilation, and air conditioning systems.</p>
SCOPE 3	<p>444 436 tCO₂e</p> <p>Our indirect emissions from our value chain activities, including upstream and downstream transportation and distribution costs, franchise electricity, business travel, waste generated in operations. We are aware that this is a limited scope 3 assessment and are working with the Science Based Targets initiative (SBTi) to conduct an exhaustive baseline assessment of our scope 3 emissions and set relevant reduction targets.</p>

Refer to page 24 for an overview of our ESG impacts and opportunities along our value chain.



Reducing our carbon footprint

In 2022, we set a Group commitment to be net zero (scope 1 and 2) by 2050, with a 60% reduction by 2040. These targets focus on our direct climate change impacts where we have the most control and include emission reduction, renewable energy, energy efficiency, and natural refrigeration targets.

We are targeting net zero (scope 1 and 2) across the Group by 2050, with a 60% reduction by 2040.

To ensure that our efforts are aligned with the latest climate science, we are working with the SBTi* to verify our climate change-related targets and set targets for our scope 3 emissions. We anticipate that we will complete this verification in FY25. Based on the outcome of this verification process, we may update our climate change-related targets.

Energy resilience

Ensuring continuous access to sustainable energy sources while reducing our reliance on fossil fuels is a critical issue for our business, compounded by the ongoing and severe escalation in electricity outages in South Africa.

To tackle this challenge, we continue to engage with landlords to install solar solutions on store rooftops or tap into renewable energy already being generated. We have solar installations at 3 Pick n Pay distribution centres, 8 Pick n Pay stores, and 10 Boxer stores and facilities. This represents the majority of the stores and facilities owned in the Group property portfolio. This year, we invested in solar installations at two new stores, and invested in additional solar capacity at our Eastport distribution centre. We anticipate the facility will have 6 600 solar PV panels by Q2 FY25, occupying 16 900 m² of the roof. These panels will have an annual electricity output of 6 GWh, saving 5 900 tonnes of CO₂ emissions annually.

We have installed inverter and battery backup power solutions at 222 company-owned clothing stores to minimise our reliance on diesel generators. We are targeting an additional 50 stores in FY25.

We track energy efficiency in Pick n Pay using extensive metering to measure real-time consumption. We continue to roll-out LED lighting to Pick n Pay stores, including back of house and trading floors. 100% of Boxer stores use LED lighting systems.

* Science Based Targets Initiative



We target a 45% improvement in energy efficiency across Pick n Pay's energy programme (322 company-owned stores) by 2030 and 100% conversion to natural refrigeration in Pick n Pay company-owned and Boxer stores by 2040.

Reducing our environmental impacts

We focus on reducing refrigeration emissions and converting to climate-friendly natural refrigerants. In FY24, we converted 18 Group company-owned stores to climate-friendly natural refrigeration systems, bringing the total to 77. All our distribution centres run natural refrigeration systems.

An additional focus area includes refurbishing our water chillers and air handling units, which are connected to our stores' refrigeration systems, to ensure these offer high-performance, energy efficient and sustainable cooling solutions. In addition to delivering a cost benefit, these refurbished units help reduce our environmental impact. At the end of FY24, we had refurbished the water chillers and air handling units at 14 company-owned stores.

Spotlight | Eastport distribution centre

We invest in various systems, processes and technologies at our Eastport distribution centre to minimise environmental impacts.

These investments include:

Leasing a fleet of low-emission, fuel-efficient vehicles and piloting a gas-powered truck with solar-cooled refrigeration. These vehicles delivered a 17% reduction in GHG emissions, equating to 3 300 kg less than a diesel vehicle over the same period.

Process improvements and load optimisation, including implementing a yard management system that helps to eliminate waste, optimise vehicle flow and enhance vehicle trip allocation.

A state-of-the-art automated truck wash, which significantly enhances fleet turnaround time and a 50% decrease in vehicle wash time. The environmentally conscious design enables up to 70% of the grey water used for external washing to be recycled.

The rapid escalation in our online shopping deliveries requires increasing levels of transportation, predominantly using motorcycles. We are partnering with on-demand logistics company Picup and our partner Takealot to trial electric motorcycles to reduce transport emissions. We have also partnered with Green Riders to roll-out electric bicycles that can be used for our online shopping deliveries.

Reducing environmental impact at Boxer

BOXER

90

Solar installations

95%

of stores on LED light systems

100%

plastic waste collected at Boxer distribution centres recycled and used in shopping bags

15

stores converted to natural refrigeration (CO₂)



Our Eastport distribution centre is certified as an EDGE Green Building¹ and incorporates various environmentally friendly initiatives:

The buildings are designed to maximise daylight harvesting and have LED lights that automatically adjust their brightness levels according to natural daylight.

Multiple initiatives are in place to conserve water, including waterwise gardens, rainwater harvesting, and harvesting excess water and grey water. These initiatives save approximately 90 million litres of water annually.

We outsource onsite waste management to a company committed to sustainable practices. All excess packaging material is locally recycled for use in the packaging industry. Organic waste is processed into compost.

¹ EDGE is an international green building certification system focused on making buildings more resource efficient.

Innovating for more sustainable buildings in Pick n Pay Clothing

We design our Pick n Pay Clothing stores with a strong focus on sustainability. In addition to using solar inverter-lithium battery power solutions and more sustainable technology such as LED lighting and energy-efficient printers and till points, the stores have a strong reduce and reuse ethos. Most fixtures are made from recycled materials, including hangers, mannequins, wooden tables and aluminium entrance doors, and we use second-hand shelves and railings.

New stores also feature "plant walls", which act as natural air filters. We plant 100 trees at Platbos Nature Reserve for every new store opened. At the end of FY24, we had planted more than 5 000 trees.

We achieved a 5-star Green Star rating from South Africa's Green Building Council at our recently-opened store in Sandton, Johannesburg. We are committed to attaining 5-star ratings for every new store we open from March 2024. We have fitted 180 additional stores to a 4-star level.



Conserving freshwater

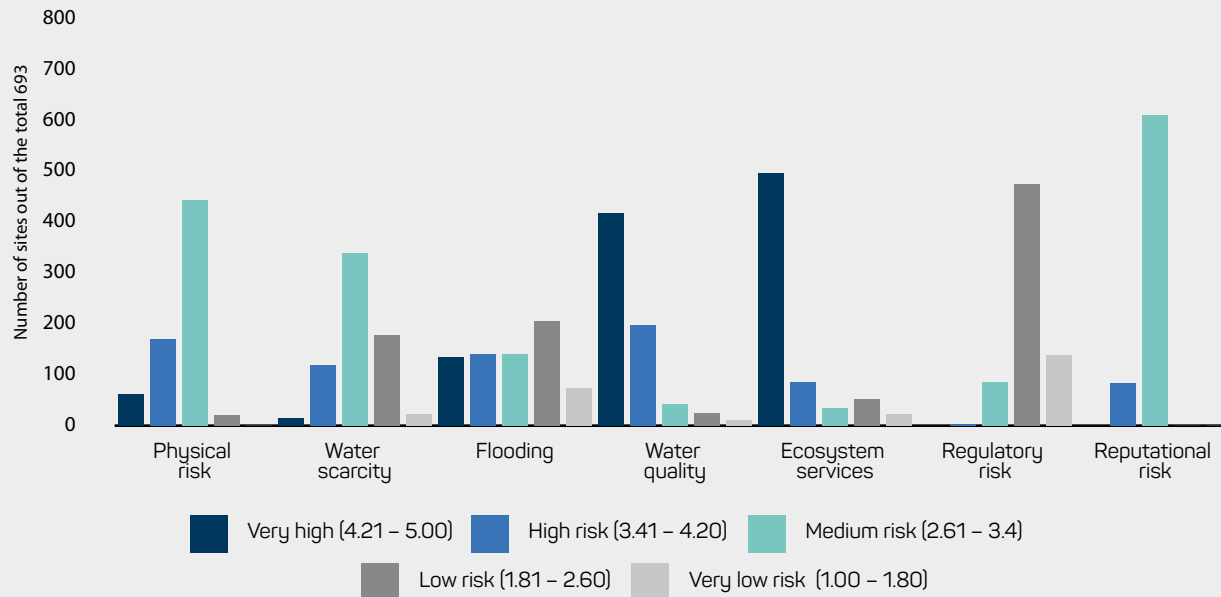
The Group's water consumption is primarily at stores for sanitation, cleaning, cooking and baking. The Group relies predominantly on municipal supplies. We continually monitor and manage our water usage, focusing on identifying and addressing leaks.

We have water efficiency measures and online water metering with real-time alerts installed at most of our Pick n Pay company-owned stores, distribution centres and offices. We are rolling out metering at Boxer stores, with real-time alerts installed at 10 Boxer facilities and stores. This enables us to timeously address leaks and take corrective action. These initiatives have helped us increase our water efficiency by 25% from an FY18 baseline for Pick n Pay company-owned stores.

Our water stewardship policy guides our approach to reducing our water usage and working collectively with our stakeholders to safeguard this valuable resource and mitigate the risks associated with water scarcity.

This year, we used the WWF Water Risk Filter to understand and map our water-related risks across our stores and distribution centres. We will use the outcomes of this assessment to develop water reduction strategies, prioritising action and investment in high-risk areas of our operations.

This exercise highlighted that physical risk is the bigger concern as the location of our stores means water quality and ecosystem services can be impacted by our operations.



Reducing and repurposing waste in Pick n Pay

Pick n Pay introduced a waste management dashboard in 2021 to help us track our progress towards targets, including improving recycling levels, increasing waste resource donations and reducing waste to landfills. Pick n Pay company-owned stores and operations generated 21 000 tonnes of general waste in FY24 and diverted 56% from landfill through recycling and composting initiatives.

Our key focus area for the past year was onboarding our new waste management service providers and working with them to identify and set clear waste reduction targets. This is an important step to deliver on our strategic ambition to reduce waste (including food waste) along our value chain, which we recognise as a material impact. We are also focusing on reducing food waste in our stores through more efficient planning and forecasting, as well as innovative product design to extend shelf-life.

We raise awareness with our employees on properly separating waste in stores. In FY24, we piloted a training programme on waste separation for regional store managers, which we filtered into our stores through training materials and site visits. We will roll this training out to the remainder of our stores in FY25.

In supporting the principles of a circular economy, our progress is underpinned by promoting the "avoid, reduce, re-use and recycle" waste management hierarchy.

Boxer recycling programme

Boxer launched an innovative new recycling programme to manage waste while creating income-generating opportunities for local entrepreneurs.

Each year, Boxer collects more than 7 000 tonnes of recyclable materials. Through this new recycling programme, Boxer recruits previously unemployed individuals from surrounding communities to assist with sorting the recyclable material in its stores.

Boxer has recruited more than 250 local community sorters since launching this programme in 2018. Each sorter services an individual store and earns a monthly income based on the volume of materials they sort and recycle, with all materials sent to Boxer's distribution centres. Boxer has paid R4 million to these community sorters and is looking to expand the programme as it grows its store footprint.



Spotlight | Scaling recycling initiatives for Pick n Pay's customers

Pick n Pay is at the early stages of our recycling initiatives and it will remain a focus in the coming years to ensure it can meaningfully contribute to limiting the negative impact waste has on the environment.

The following are some of our key recycling initiatives:

We partnered with Polyco to build recycling centres at three Western Cape stores in FY25.

Each centre will be equipped with the tools and technology to weigh and value the recyclable materials customers bring to the centre. Customers will then be reimbursed through cash back or with vouchers they can redeem in-store. This project will be rolled-out in FY25 and has plans to scale to other regions should it be a success.

Pick n Pay partnered with eWASA to launch one of South Africa's first multi-layer plastic recycling facilities.

This is significant, as multi-layer plastic (such as pet food packaging, frozen food packaging and chip packets) is extremely challenging to recycle as it consists of multiple layers of different materials that require varied recycling techniques.

As multi-layer plastic is currently not recycled in South Africa, this facility, which launched for testing in June 2024, presents a significant opportunity to minimise plastic's negative impact on the environment. It could also open a new revenue stream for South Africa's extensive network of informal waste pickers, who play an integral role in the country's waste industry.

Scaling Pick n Pay's reverse vending machine initiative

Our reverse vending recycling machines in stores have helped customers recycle over 53 tonnes of recyclables since inception in FY19. These units reward customers for recycling waste products by loading points on the Imagined Earth App which customers can redeem as digital vouchers such as airtime. We aim to expand the roll-out of recycling vending machines across the country in FY25 by launching an additional 35 machines through supplier partnerships.

Pick n Pay has partnered with E-Waste Africa and the E-waste Recycling Authority to roll-out e-waste recycling bins at stores.

These e-waste recycling bins will be rolled-out in 50 stores across Gauteng, KwaZulu-Natal and the Western Cape during FY25. We will also design and roll-out smaller e-waste recycling bins that are more suitable for our smaller stores. By encouraging our customers to recycle electronic devices, we are helping prevent the release of harmful materials into the environment.

Finding solutions to the packaging challenge in Pick n Pay

As of FY24, over 93% of Pick n Pay's own brand packaging is recyclable, with over 35% average recycled content across own brand packaging. Pick n Pay has also reduced the average packaging weight of own brand packaging by 33% against a FY20 baseline.

Pick n Pay was a founding member of the SA Plastics Pact and continues to work closely with the Pact to increase packaging recyclability and phase out harmful unnecessary packaging and plastic. The Pact guides Pick n Pay on target setting and strategic plastic packaging decisions.

We support and adhere to the Extended Producer Responsibility (EPR) for packaging regulation as a key policy instrument to address the increasing volumes of plastic pollution. Pick n Pay belongs to relevant Producer Responsibility Organisations (PROs) and submits data quarterly. The sustainability team is also working with Boxer to develop a packaging database for Boxer's own brand products as part of its commitment to promoting sustainable production and consumption patterns.

