

# Managing our sustainability impacts

## Doing Good is Good Business

Our purpose is to serve. We are passionate about our customers and will fight for their rights. Our founding principle is that doing good is good business. This ethos underpins a value chain built on a solid corporate governance foundation, respectful and valued stakeholder relationships, strong brand equity and careful management of our natural and financial resources.

Pick n Pay and Boxer are committed to creating long-term value through responsible business practices that benefit customers, employees, communities, and the environment.

The ESG chapter that follows focuses primarily on the Pick n Pay segment, except where information is specifically identified as applying to both Pick n Pay and Boxer. Following its separate listing, Boxer is now responsible for its own ESG strategy and reporting, and has prepared its own report for stakeholders. Boxer's sustainability vision is to become one of the most respected and admired retailers in South Africa, by being a champion for the communities they serve. This is at the heart of the Boxer sustainability strategy of "Growing Together, Greener Tomorrow". The Boxer ESG framework focuses on three pillars: food security, climate action and responsible consumption, striving for inclusive economic development. Read more on Boxer's contribution to sustainability in the Boxer Integrated Annual Report published on their website at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za).

In May 2024, Pick n Pay introduced a new long-term turnaround strategy to restore its supermarket business to sustainable profitability by rebuilding trading momentum, improving execution, and enhancing operational efficiency. Refer to page 54 for further information. As part of this strategic reset, Pick n Pay's ESG objectives were reviewed through the lens of the strategy's five priorities, reinforcing ESG as a core element of the Pick n Pay DNA. To support value creation, we will continue to evolve our ESG framework, focusing on unlocking and scaling customer-focused, profit-enabled sustainability initiatives that drive revenue, reduce costs, and deliver measurable environmental and social impact.

We are intensifying efforts that strengthen both environmental and commercial outcomes, prioritising initiatives such as waste reduction, in-store recycling, local procurement, and affordable sustainable product choices. These efforts are designed to meet customer expectations, reduce operating costs, and build trust across the communities we serve. Our refocused ESG initiatives align with our strategic priorities of customer focus, operational excellence, and executional efficiency. Key focus areas in FY25 included waste reduction, educational support through the Pick n Pay School Club and hunger relief through our partnerships with Feed the Nation and FoodForward.

In the early stages of the turnaround, Pick n Pay prioritised financial stability through the successful delivery of the Recapitalisation Plan. As a result, capital investment was prudently and carefully managed, with a focus on high-growth areas of the business. As a result, certain sustainability initiatives were deferred due to high execution costs. These included spend on the conversion to natural refrigeration, waste diversion, and responsibly sourced packaging for Pick n Pay's private label products. While this has led to a recalibration of some longer-term ESG targets, these initiatives remain critical to our long-term ESG strategy. As we restore Pick n Pay's financial performance, investment in these areas will resume and scale aligning with our commitment to sustainable and responsible growth.



## The Pick n Pay ESG framework

Our ESG framework guides our decision-making and aligns our actions with the key priorities of the long-term turnaround strategy. The framework takes into account the United Nations (UN) Sustainable Development Goals (SDGs) most relevant to our business, and is designed to focus our efforts on those initiatives which will have the highest positive impact and provide the greatest opportunity to drive positive change. The framework allows us to embed sustainability into commercial decision-making and drives accountability through measurable outcomes.

Our ESG framework is built around four pillars:



### Sustainable supply chains

Food is a basic human need. Transforming how food is produced and delivered requires strong partnerships across the food system. As a major retailer, we are driving access to affordable, healthy, safe, and responsibly sourced food, while building inclusive supply chains and cutting food waste.

#### Aligned with SDGs



#### Aligned with Pick n Pay's strategic priorities



### Reducing environmental impacts

We offer a wide range of products, each with an environmental footprint. Across our operations, we are working to reduce our environmental impact by cutting emissions, improving energy and water efficiency, addressing waste and packaging issues, partnering for innovation, and strengthening data and monitoring.



### Investing in our people

Our operations support thousands of employees. We are committed to building a diverse, inclusive and equitable workplace, offering meaningful careers, fair pay, strong development opportunities, and a culture where everyone can thrive.



### Supporting our communities

Inequality remains a significant challenge in South Africa. Our CSI strategy focuses on long-term partnerships that empower communities through education, food security, small business support, and job creation.



For further information on Pick n Pay's five strategic priorities, please refer to page 54.



## Understanding and addressing our ESG impacts

As a retailer with an extensive value chain, our environmental and social impacts span multiple areas, from sourcing and procurement to logistics, store operations, and waste management. These impacts present both risks and opportunities. While they contribute to emissions, resource consumption and waste, they also provide a platform to promote sustainable practices, build inclusive supply chains, and support healthier communities. Our Pick n Pay ESG framework is carefully structured to address these impacts. Each pillar helps guide our response to material sustainability issues, enabling us to systematically reduce our negative footprint while maximising our positive contribution.

The table below outlines the key areas where our operations affect the environment and society, and how our ESG strategy is designed to respond:

### Sourcing and procurement \*\*

We source from suppliers around the world, but remain firmly committed to localisation and increasing the proportion of goods and services procured from South Africa. We partner with suppliers to build a sustainable and relevant product range, maintain strong availability, and drive product innovation.

#### Negative impacts:

- Raw material extraction and production can have direct and indirect social and environmental impacts, such as deforestation, biodiversity loss and unfair labour practices
- Lengthy multi-tier supply chains increase the risk of poor product flow visibility and improper operational health, environmental and safety standards

#### Opportunities to maximise positive impacts:

- Scale positive environmental and social practices, focusing on responsible sourcing and procurement
- Invest in local communities and small businesses to enhance social ecosystems

Addressed by the following of our four ESG framework pillars:



### Logistics, distribution and warehousing \*\*

We transport consumables and finished products through our central warehousing and distribution network. We also maintain valued partnerships with third-party transport logistics providers, including shipping and air freight.

#### Negative impacts:

- Transportation of goods through long-distance shipping and air freight contributes to greenhouse gas emissions
- Unknown extent of Scope 3 emissions, as most sources are beyond operational reach or control
- The rapid escalation in online shopping requires increasing transportation and procurement
- Poor cold chain management and cold storage protocols can erode the quality and integrity of fresh produce

#### Opportunities to maximise positive impacts:

- Transition to a low-emission, fuel-efficient fleet and invest in minimising environmental impacts and modernising distribution centres

Addressed by the following of our four ESG framework pillars:



### Production and packaging \*\*\*

We source, process and package more than 3 000 private label products from over 500 suppliers across South Africa.

#### Negative impacts:

- Packaging waste and overuse of packaging materials, mainly single-use plastic, can have significant environmental impacts when not re-used or recycled
- Manufacturing can generate outputs that erode air and water quality (mainly when processes rely on fossil fuels and energy- or water-inefficient technology)
- Improper manufacturing conditions could give rise to unsafe or unfair labour practices

#### Opportunities to maximise positive impacts:

- Invest in energy efficiency and waste reduction initiatives and maintain fair labour conditions

Addressed by the following of our four ESG framework pillars:



Capacity to influence: \*\*\* High \*\* Medium \* Low



### Store operations and support offices ●●●

We offer customers a wide range of products and brands through an extensive network of owned and franchised stores across southern Africa on a multi-format and multi-channel basis. Store operations are centrally assisted by four support offices.

**Negative impacts:**

- Large format stores have higher energy demands related to heating, cooling, lighting, and refrigeration
- Poor procurement and ineffective in-store management can result in unsold food going to waste

**Opportunities to maximise positive impacts:**

- Invest in sustainable store builds to minimise environmental impacts, pursue innovative food waste partnerships, and strengthen system security and stability
- Build a future-fit operating model to improve efficiency, reduce cost, and drive sustainable growth
- Specialist IT security teams applying global cybersecurity best practices

Addressed by the following of our four ESG framework pillars:



### Serving customers and supporting communities ●●

We pursue operational flexibility and continually review and refine our store offering to ensure it reflects the diverse and changing habits and needs of our customers and communities. Our goals remain inclusivity and community enrichment.

**Negative impacts:**

- Lack of workforce investment undermines employee development and erodes customer service
- Strategies promoting unhealthy or environmentally harmful products can negatively impact customers and communities

**Opportunities to maximise positive impacts:**

- Offer employees a dynamic workplace experience that emphasises recognition, development and reward
- Offer customers healthier, affordable food choices
- Invest in community-focused initiatives, prioritising food security, access to education, and social empowerment

Addressed by the following of our four ESG framework pillars:



### Waste management and recycling ●●

We work with our suppliers and partners to ensure we play a role in taking extended responsibility for the products and packaging we provide to customers. We focus on waste management and recycling to support circular economies.

**Negative impacts:**

- Insufficient in-store and after-sales customer support related to product re-use and recycling of packaging results in more waste to landfill
- Using non-recyclable packaging contributes to long-term environmental pollution

**Opportunities to maximise positive impacts:**

- Prioritise waste reduction, recycling and re-use, with a focus on packaging and single-use plastic
- Identify and invest in opportunities to promote circular economies and job creation
- Invest in scalable customer-facing projects that educate and reward customers for recycling

Addressed by the following of our four ESG framework pillars:



Capacity to influence: ●●● High ●● Medium ● Low

Key sustainability risks that intersect across our value chain include climate risk posing a risk to our store network and vehicle fleets, lack of supplier commitment to ethical and sustainable practices, food and packaging waste, and unsafe food and improper operational health and safety standards.

## Our progress against our ESG framework

We are committed to delivering measurable impact through our ESG framework. The following section outlines our FY25 progress across each of the four pillars, highlighting the initiatives, outcomes and partnerships that are helping us build a more sustainable, inclusive and resilient business.

### 1. Sustainable supply chains

We promote smart, sustainable and inclusive food, grocery and clothing supply chains, supporting equitable access to nutritious food and resilient local economies.

#### Reducing food waste

Our strategic priorities



##### Our approach

We are focused on reducing waste, improving forecasting and replenishment, and working with supply chain partners to lower the cost of getting products to shelf. These efforts are key to building a future-fit, sustainable business.

We track food waste across our stores weekly using the World Resources Institute's Food Loss and Waste Protocol. To reduce unsold food waste, we refine demand planning, improve buying practices, extend shelf life and train store teams to minimise surplus. We also invest in programmes that tackle food waste and support food security. Over the past six years, Pick n Pay has reduced operational food waste by 34%.

##### Our FY25 progress

Pick n Pay achieved meaningful waste reduction during the year. Better inventory management and lower shrink and waste supported gross profit margin expansion of 20 basis points for the year and 120 basis points in H2. This was driven by improved operational execution and demand planning, with further gains targeted in FY26.

In partnership with WWF South Africa, we mapped food waste hotspots in our value chain, focusing on apples and yoghurt. The insights will help strengthen waste management, and we plan to expand this work in the year ahead.

#### Supporting responsible, ethical and sustainable supply chains

Our strategic priorities



##### Our approach

Our procurement policies outline the labour, social and environmental standards we expect suppliers to maintain. We enforce stringent food quality and safety standards across our supply chain. Our business partners are required to comply with our Code of Ethics. We ensure our own brand products comply with local legislation and standards. Our suppliers conduct third-party food safety audits.

##### Our FY25 progress

We continue to require all suppliers to comply with our Code of Ethics and have modernised our third-party compliance processes. The updated approach is being rolled out across the Pick n Pay business.

To support sustainable seafood sourcing, we work with the South African Sustainable Seafood Initiative (SASSI) to increase procurement of green-listed species<sup>1</sup>. This year, we joined the South African Deep-Sea Trawling Industry Association's Offshore Trawl Bycatch Fishery Conservation Project, supporting the development of digital tools to improve bycatch monitoring and management.

#### Building an inclusive supply chain

Our strategic priorities



##### Our approach

Our Enterprise and Supplier Development (ESD) programme supports local innovation and entrepreneurship in the retail supply chain.

##### Our FY25 progress

We have 177 small, medium and micro-enterprises (SMMEs) in our ESD programme and support 980 SMMEs through procurement and services. We increased Pick n Pay own brand food and groceries produced locally from 94% to 96%.

As part of the strategic store reset, which involved closing loss-making stores, we repositioned supplier products into profitable stores. Along with benefitting suppliers, this helped strengthen our customer offer and product range.

<sup>1</sup> SASSI's green list indicates sustainable seafood choices from the healthiest and most well-managed fish populations.



## Promoting healthier food choices

### Our strategic priorities



#### Our approach

We continue to reduce sodium and sugar content in our products. We offer a range of products that are free from gluten, wheat, dairy and lactose. We provide clear nutritional labelling on our own brand products and distribute nutritional education posters and curriculum-aligned worksheets to South African schools through Pick n Pay School Club.

#### Our FY25 progress

As part of our Smart Shopper loyalty programme, we launched the Pick n Pay Live Well Club to encourage and reward healthier eating habits among our customers. Members can earn additional loyalty points or discounts when opting for healthier Pick n Pay own brand food and groceries in-store.

### Spotlight: Shaping sustainable fashion at Pick n Pay Clothing

Pick n Pay Clothing is embedding sustainability in its growing store footprint and positioning itself as a responsible fashion retailer.

#### Moving towards sustainable builds and designs

Our Clothing stores use energy-efficient technology and environmentally friendly materials.

In FY24, our Sandton store achieved a 5-star Green Star rating from South Africa's Green Building Council, the country's first clothing retailer to attain this rating. We have subsequently retro-fitted 47 stores to the same level.

#### Expanding our range of sustainable products

45% of our clothing products have one or more sustainability attributes<sup>1</sup>, and we are increasing the use of recycled raw materials and sustainably sourced cotton in our product range. A highlight this year was sourcing locally knitted recycled fleece.

#### We support ethical and sustainable sourcing

We engaged with suppliers on the importance of sustainability in manufacturing and raw material sourcing. We implemented an annual supplier sustainability audit to establish a baseline of their sustainability practices, identify improvement opportunities and support better risk management.

#### Driving localisation to increase the number of local products in stores

The percentage of clothing sourced from the Southern African Development Community (SADC), including South Africa, decreased this year. This decrease was primarily driven by a sharp rise in shipping fees for raw materials and higher local labour costs, which significantly increased input expenses for local suppliers. As a result, local production became more expensive and less competitive than imports. We were able to expand our regional procurement from Tanzania, including sustainably sourced cotton. We remain on track to increase the percentage of clothing sourced from the SADC to 50%.

#### We collaborate with local designers and entrepreneurs

We produce collections under our Made in South Africa range, launched in FY20.

Our Clothing Intern Programme equips young designers for commercial success. We have hosted 30 interns through this programme since FY21 (10 in FY25).

We collaborate with Futurewear, an incubator programme that nurtures South Africa's emerging fashion talent.

#### We invest in partnerships to repurpose unwanted fashion

We donate damaged and returned items to Taking Care of Business, a non-profit social enterprise that empowers unemployed South Africans. In FY25, we donated clothing valued at R15.8 million (FY24: R15.5 million).

<sup>1</sup> These attributes include waterwise (factory makes use of water treatment methods, recycled water, ozone washing and/or waterless dyeing methods), recycled fabric, sustainably sourced cotton, or viscose.



## 2. Reducing environmental impacts

We reduce our negative environmental impacts while building operational resilience and a future-fit structure.

### Reducing our carbon footprint

Our strategic priorities



#### Our approach

We have targets to manage our direct climate change impacts. Our energy resilience plan is critical to lowering our energy consumption and delivering cost savings, focused on the following:

##### Accurate reporting

We monitor 1 500 utility meters across our operations, enabling us to track and verify our consumption data in real time.

##### Behaviour management

We target energy wastage outside store operating hours – with behavioural waste<sup>1</sup> down from 10% in FY10 to 1% in FY25.

##### Project tracking

We prioritise energy resilience projects based on anticipated savings and returns. We track this against actuals to ensure optimal results.

##### Risk alleviation

We prioritise projects that address security of supply risks, such as electricity outages and infrastructure constraints.

##### Cost optimisation

We have over 100 energy tariff optimisation projects across Pick n Pay, supporting savings and cost efficiency.

##### Training

We prioritise training for our teams and store managers on key components of our energy resilience plan.

Most properties owned by Pick n Pay have solar installations, and we are pursuing partnerships with landlords and others to scale our renewable energy utilisation. We have extended the timeline to convert all Pick n Pay company-owned stores to climate-friendly refrigerants, due to high execution costs. However, this remains a long-term ambition. We refurbish our water chillers and air handling units to ensure energy efficiency.

#### Our FY25 progress

Our energy resilience plan delivered a 38% reduction in energy intensity compared to the FY10 baseline (FY24: 39%).

We have undertaken a detailed process to develop a comprehensive greenhouse gas (GHG) inventory, encompassing both operational emissions (Scope 1 and 2) and value chain emissions (Scope 3). Based on this foundation, emission reduction targets in line with the Science Based Targets initiative (SBTi)<sup>2</sup> have been developed and submitted to the SBTi for verification.

We lease a low-emission, fuel-efficient fleet, reducing our annual emissions by around 17%. We continued to pilot a gas-powered truck with solar-cooled refrigeration. Early results are promising, indicating energy savings and emission reductions. Load optimisation and yard management remain essential to eliminate waste.

We completed the installation of additional solar panels at our Eastport distribution centre. The facility has 6 600 solar PV panels, occupying 16 900m<sup>2</sup> of the roof. These panels have an annual electricity output of 6 GWh, saving 5 900 tonnes of CO<sub>2</sub> emissions annually.

#### The Group's (both Pick n Pay and Boxer) GHG emissions footprint: 1 549 281 tCO<sub>2</sub>e (total emissions)

##### Scope 1:

FY25: 297 933 tCO<sub>2</sub>e  
FY24: 447 357 tCO<sub>2</sub>e

These direct emissions relate to emissions from refrigerants and air conditioning systems, as well as emissions from onsite combustion of fuels, diesel for backup generators, and fuel used in Group transportation.

The year-on-year decrease in Scope 1 emissions is primarily due to Pick n Pay store closures under the store reset programme, as well as lower diesel usage as a result of lower levels of load-shedding (partially offset by higher Scope 2 emissions related to electricity usage).

##### Scope 2:

FY25: 878 098 tCO<sub>2</sub>e  
FY24: 754 993 tCO<sub>2</sub>e

These indirect emissions relate to purchased electricity used to power our stores, distribution centres, and offices, as well as energy used for heating, ventilation, and air conditioning systems.

The year-on-year increase in Scope 2 emissions is primarily due to higher use of electricity (as a result of lower levels of load-shedding).

##### Scope 3:

FY25: 373 250 tCO<sub>2</sub>e  
FY24: 444 436 tCO<sub>2</sub>e

These indirect emissions relate to our upstream and downstream value chain activities, including transportation and distribution, franchise electricity, business travel and waste.

The year-on-year decrease in Scope 3 emissions is primarily driven by reduced business travel and an amendment to the methodology utilised by a third-party service provider to calculate delivery distances.



<sup>1</sup> Behavioural waste refers to unnecessary energy consumption caused by habits such as leaving lights on, using appliances improperly or unnecessarily or neglecting to turn off devices when not in use. This waste can be minimised through improved awareness.

<sup>2</sup> The SBTi provides standards, tools and guidance that enable companies to set GHG emission reduction targets aligned with the latest climate science.



## Conserving freshwater

Our strategic priorities



### Our approach

Most of our water use occurs in stores for sanitation, cleaning, cooking and baking, with municipal supply as the primary source. We monitor usage closely, addressing leaks, encouraging efficient behaviour and installing water-saving devices.

Online water metering with real-time alerts is in place at most Pick n Pay company-owned stores, distribution centres and offices. Our water stewardship policy guides efforts to reduce consumption and collaborate with stakeholders to manage water scarcity risks.

### Our FY25 progress

We used the WWF South Africa Water Risk Filter to identify water-related risks across our stores and distribution centres. The results will help us assess high-risk areas within our operations and determine where to prioritise future action.

## Reducing and repurposing waste

Our strategic priorities



### Our approach

We support a circular economy by following the waste hierarchy of avoid, reduce, re-use and recycle. Our waste management dashboard tracks progress and promotes in-store waste separation by employees.

Pick n Pay is a founding member of the SA Plastics Pact, which guides our packaging targets and efforts to eliminate unnecessary packaging and improve recyclability. We comply with Extended Producer Responsibility regulations through active membership in relevant organisations and we are a signatory to the Ellen MacArthur New Plastics Economy Global Commitment.

### Our FY25 progress

Following the onboarding of new waste management service providers, we conducted an internal assessment to review their performance. The findings will inform improvements to our waste management approach.

We are also developing a packaging database to improve data accuracy and oversight. This will strengthen operational control and help track progress toward our goal of reducing and repurposing waste.

### Spotlight: Scaling recycling initiatives for Pick n Pay's customers

We are scaling our customer-focused recycling initiatives, as these present a significant opportunity to work with our customers to limit the environmental impact of waste.

#### Rewarding our customers each time they recycle

Our reverse vending machines reward customers for recycling waste, while helping Pick n Pay reduce waste to landfill. This year, we linked the units to our Smart Shopper loyalty programme, enabling customers to earn points per recycled item.

In FY25, we rolled out an additional 12 reverse vending machines, bringing the total to 39.

#### Impact of this initiative from 2019 to 2025:





### 3. Investing in our people

Our people are the heart of what we do. We are committed to providing our employees with rewarding jobs, effective training and development opportunities, competitive pay, good working conditions and opportunities to progress.

#### Our people strategy

##### Our strategic priorities



##### Our approach

Our people are the foundation of Pick n Pay's success and the engine of our transformation. We aim to build a high-performance culture through accountable and effective leadership and capable and empowered teams at every level of the business. Our core objectives are to strengthen leadership capability, rebuild organisational alignment and drive consistent execution to unlock sustainable performance.

##### Our FY25 progress

We continued to deliver against our people strategy, recognising that the success of our turnaround depends on a capable and motivated team. We refreshed our management team across key areas of the business, optimised our support model by creating smaller, more focused operating regions, and strengthened regional teams through targeted appointments to close critical skill gaps.

#### Culture and employee relations

##### Our strategic priorities



##### Our approach

Recognising that our people structures had weakened over time, we prioritised a reset in FY25 to rebuild a strong, values-driven culture. We re-established clear leadership across our regions and focused on restoring purpose, pride and belonging among our teams. Structured training and meaningful employee engagement have supported early operational improvements and begun to drive the cultural shift needed for long-term success.

##### Our FY25 progress

We rolled out our Hearts and Minds campaign, launched to help employees adapt to Pick n Pay's new competitive reality and support the shift to a more agile, efficient operating model. The campaign plays a key role in strengthening alignment, building resilience and embedding a performance-driven culture.

We tracked morale, motivation and productivity through quarterly employee engagement surveys (eNPS)<sup>1</sup>, with a growing focus on boosting loyalty and advocacy. Wellness days were held both in person and online, featuring talks and workshops aligned with our five wellness pillars. We also enhanced our communication platforms to support more consistent, targeted engagement across our workforce.

#### Health and safety

##### Our strategic priorities



##### Our approach

Employees receive health and safety training as part of their induction, and we provide specific training where required. We have a team of occupational health and safety (OHS) practitioners who co-ordinate our health and safety activities and provide health advice and referrals when needed. We conduct monthly internal OHS audits to ensure compliance with the OHS Act and identify and address areas for corrective action or improvement. Our operations centre manages security-related risks at our stores, strengthened by collaboration with external stakeholders such as law enforcement agencies.

##### Our FY25 progress

Health and safety compliance training continued, with 1 886 employees trained in FY25.

<sup>1</sup> eNPS measures how likely employees are to recommend Pick n Pay as a good place to work.



## Diversity, equity and inclusion

Our strategic priorities



### Our approach

Our Code of Ethics and enduring values set out the behaviours we expect of our employees, supported by anti-discrimination policies. We follow equitable hiring practices and have zero tolerance for bullying, harassment, gender-based violence and victimisation. Employees can raise concerns about potentially unethical, unlawful or unsafe conduct or practices via a toll-free, confidential reporting service operated by an independent whistle-blowing service provider.

### Our FY25 progress

Our five-year employment equity plan sets employment equity targets and commitments, supported by our diversity and inclusion strategy. We made good progress this year in promoting equitable representation at all levels of our operations. We continue providing opportunities for people with disabilities through our retail operations learnership programme, and employ 583 people living with disabilities.

## Training and development

Our strategic priorities



### Our approach

We have a diverse range of internal and external programmes to enhance the skills and knowledge of our workforce and ensure the ongoing progression of our talent pipeline. In line with Pick n Pay's turnaround strategy, we prioritise leadership, management, customer-facing and operational skills training programmes, focusing on store managers, frontline employees, and fresh areas such as deli, produce, bakery and butchery.

### Our FY25 progress

We delivered training to over 30 000 employees, including in-store management and key fresh produce and service departments such as butchery, bakery and deli. We rolled out phase 1 of our new customer service training across all company-owned stores and introduced a new store incentive programme to drive frontline performance and motivation.

### Spotlight: Empowering unemployed youth through learnerships

We are empowering the next generation of retail professionals through our NQF Level 2 Wholesale and Retail Operations Learnership. This transformative programme equips unemployed youth with disabilities with the technical knowledge and practical skills required to thrive in the retail and wholesale sectors. Group 1 (58 learners) started in February 2024, and we permanently employed more than 50% in January 2025. We onboarded the second group of 101 learners in February 2025.

## Talent management and succession planning

Our strategic priorities



### Our approach

We conduct talent mapping to identify and fill talent gaps, offer comprehensive training programmes and provide support and mentoring to ensure strong employee progression and succession. Our cloud-based system continues to improve our human resources capability, empowering employees and line managers to manage their working lives better through self-service and personal development tools. We also use an automated end-to-end recruitment solution that streamlines and manages employee recruitment and onboarding.

### Our FY25 progress

We bedded down last year's appointments to strengthen our senior leadership team and regional structures. We are implementing a structured succession plan to ensure institutional resilience and continuity across all levels, prioritising scarce and critical skills. We reviewed and updated our retention mechanisms to ensure we provide fair and responsible rewards that attract and retain a winning team and build a high-performance culture underpinned by a robust performance management process. Refer to our Remuneration Report on page 96 for more detail.

## 4. Supporting our communities

Customers support businesses that give back to the communities they serve. As customers reward us with their loyalty, we can grow, serve more customers, generate more jobs and help build community resilience.

### Doing good is good business

#### Our strategic priorities

#### Our approach

Inclusivity and community enrichment are ingrained in our purposes and values, tailored to meet the diverse requirements of the communities we serve. Our CSI initiatives include:

- Supporting sustainable development by investing in education, nutrition and feeding projects to enhance community well-being
- Fostering environmental stewardship through community-based programmes
- Supporting local businesses and entrepreneurs, including investing in skills development
- Where necessary, providing emergency and disaster relief support

#### Our FY25 progress

We aligned our CSI strategy with the new Pick n Pay turnaround strategy, prioritising critical high-impact investments in food security, community upliftment and disaster relief to ensure we provide meaningful community support. We increased our School Club initiative, adding 100 schools during the year. These initiatives ensure that our CSI efforts remain targeted, impactful and aligned with our values and strategic ESG framework.

We maintain strategies to monitor and evaluate the impact of our investments, including beneficiary and partner feedback and robust qualitative and quantitative assessments.

### Targeting hunger

#### Our strategic priorities

#### Our approach

Many people in South Africa are living in poverty and struggling to access enough food to meet their basic needs. We contribute towards alleviating hunger by keeping essential items affordable, and providing food donations and distributing excess food from our stores in support of national hunger relief efforts through our primary partners, the Feed the Nation Foundation and FoodForward SA.

#### Our FY25 progress

The combined impact of our partnerships this year amounted to R84 million worth of meals provided to more than 900 000 vulnerable communities across South Africa, including in strategic partnerships with the Feed the Nation Foundation, the Kolisi Foundation, FoodForward SA and SA Harvest.

### Targeting education

#### Our strategic priorities

#### Spotlight: Building sustainable communities through Pick n Pay School Club

Established in 2003, Pick n Pay School Club is one of South Africa's largest privately funded educational resource programmes. It provides free access to high-quality, curriculum-compliant materials, helping students and educators achieve their potential while promoting sustainable community upliftment.

Leveraging a strong partnership model, the Club collaborates with more than 50 public and private organisations nationwide to develop diverse content, focusing on community health, well-being and environmental resilience.

We are growing our partner network, including driving collaboration with partners where we see opportunities to scale positive impact. This includes strengthening collaboration between the Club and the Feed the Nation Foundation to maximise the support we provide to child-headed households by meeting their educational and nutritional needs.

Through the Club, we look for opportunities to strengthen the connection between our communities and stores.

#### Pick n Pay School Club's impact across South Africa in FY25

**2.3 million** learners  
(FY24: 1.9 million)

**108 500** educators  
(FY24: 87 500)

**3 380** schools  
(FY24: 3 280)

**8.8** tonnes of educational materials distributed (up 94%)

**1 042** learners and **325** schools recognised through our Hero Awards programme

Pick n Pay School Club's reach increased by **100** schools (with a 59% increase in school activations). We achieved this increase by implementing new and scaling existing partnerships.

**105 444** social media followers (FY24: 94 044)

We created a LinkedIn page to broaden engagement with professional audiences (access our LinkedIn page [here](#)).

Find out more about Pick n Pay School Club [here](#).



## We have clearly defined metrics and targets to track performance

To ensure accountability and drive measurable impact, we track our progress against a clear set of targets aligned to with our ESG framework. The table below outlines our performance against key public commitments within the "Sustainable supply chain" and "Reducing environmental impacts" pillars. While these are our externally reported commitments, we monitor a broader set of internal and external metrics across all four ESG pillars, including "Investing in our people" and "Supporting our communities". A full overview of our ESG metrics is available in our standalone ESG performance data matrix, available on our website at: [www.picknpayinvestor.co.za/sustainability-reports-and-policies.php](http://www.picknpayinvestor.co.za/sustainability-reports-and-policies.php)

	Target	Target year	FY25	FY24	FY23	Baseline	Year-on-year performance commentary
<b>Sustainable supply chains</b>							
Reduce food waste by 50% by 2030	↓50%	2030	<b>34%</b>	32%	28%	FY19	● Improved waste management supported gross profit margin improvement in FY25
Work with 20 of our largest suppliers to reduce food waste in our shared value chain by 50% by 2030	20	2030	<b>17</b>	17	19	FY20	● Three of the participating suppliers have fully achieved their targets, the remaining are on track
Source 50% of our cotton as more sustainable cotton by FY25, which includes recycled cotton, organic cotton, Fairtrade and BCI cotton	50%	2025	<b>60%</b>	28%	22%	FY21	● Outperformance supporting a sustainable supply chain
100% of cardboard and paper used for Pick n Pay packaging will be sourced from responsibly managed forests by 2025	100%	2027	<b>71%</b>	98%	88%	FY20	● Target deferred to 2027 from the original target of 2025, due to challenges in data integrity across the value chain, alongside the higher cost of responsibly sourced paper products
<b>Reducing environmental impacts</b>							
Achieve net zero carbon across the Group by 2050 and -60% by 2040 (Scope 1 and 2)	Net zero ↓60%	2050 2040	<b>1.2 mil tCO<sub>2</sub>e</b>	1.2 mil tCO <sub>2</sub> e	1.1 mil tCO <sub>2</sub> e	FY20	● New targets have been submitted to SBTi for validation, current targets will be revised upon approval to align with science-based criteria
Conversion to 100% natural refrigeration in Pick n Pay and Boxer company-owned stores by 2040	100%	2040	<b>15%</b>	13%	10%	FY20	● Target timeline is being reviewed and may be deferred to 2045 due to high execution costs
45% improvement in energy efficiency across Pick n Pay's Energy Programme stores (322 company-owned stores) by 2030	45%	2030	<b>38%</b>	39%	37%	FY10	● This remains a key driver to lower energy consumption and drive cost savings
Reduce water intensity by 20% by 2025 for Pick n Pay company-owned stores	↓20%	2025	<b>20%</b>	25%	12%	FY18	● Target achieved. The SETC will consider new targets going forward.
Divert 75% of general waste produced at Pick n Pay company-owned operations from landfill by 2025 through recycling and recoveries	75%	2027	<b>64%</b>	56%	62%	FY19	● Our commitment to reducing waste before it reaches landfill has delivered positive results, however, we will not meet our original 2025 target. The target has been deferred to 2027
100% of Pick n Pay packaging will be re-usable or recyclable by 2025	100%	2025	<b>92%</b>	93%	92%	FY20	● Progress ongoing
30% average recycled content across all Pick n Pay packaging by 2025	30%	2027	<b>14%</b>	36%	28%	FY20	● Target deferred to 2027 from the original target of 2025, due to challenges in data integrity across the value chain, alongside the higher cost of responsibly sourced products
30% reduction in average packaging weight of Pick n Pay branded products by 2025	↓30%	2025	<b>38%</b>	33%	28%	FY20	● Target achieved. The SETC will consider new targets going forward.

● Target achieved ● Target on track ● Target deferred, some pressure on timeline

All targets are for Pick n Pay only, unless otherwise stated.