

Business model in terms of the <IR> Framework

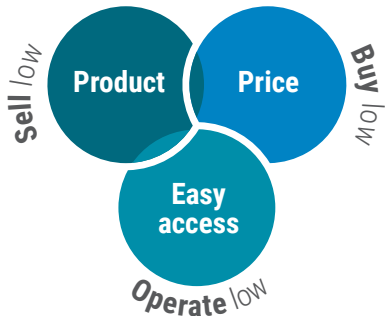
Strategy and approach

We use and apply our capital inputs to provide products and services to our customers through our brands and operational businesses.



[Read more: Sustainability report: Stakeholders](#)

In our operational activities, our business model allows us to buy low, operate low and sell low.



[Read more: Strategy](#)

We measure and manage by-products (such as waste and carbon) that are produced during the manufacture and distribution of our products and services.

[Read more: Sustainability report](#)

Capitals	Dependencies we manage and rely on	Inputs	Outputs	Outcomes
FC Financial capital Achieving growth in a low-growth environment Maintaining a low cost of doing business Allocating capital effectively	Debt financing Customer sales Investor confidence	R59 billion shareholder equity R8 billion net debt R16 billion operating expenditure	R13 billion cash generated by operations R1.4 million net finance cost (excluding IFRS 16) 141.3 cents normalised HEPS 27.0% return on net assets 48.1 cents dividend per share declared	Sustainable returns for investors Strong and flexible financial position with optimal gearing levels to execute on growth opportunities Ethical and responsible business practices for long-term sustainability
MC Manufactured capital Maintaining an efficient and effective supply chain Achieving growth in a low-growth environment	Access to product supply Reliable services Retail store network Logistics and IT infrastructure and systems	R1.5 billion DC development R2.7 billion capital expenditure 324 new stores opened	5 917 stores 36 DCs and hubs 570 000 m ² total DC and hub space 28 million parcels distributed through the PKL distribution network	Effective and efficient supply chain which optimises in-store serviceability of our retail store network and caters for long-term growth, expansion and enabling leverage
H&IC Human and intellectual capital Attracting and retaining talent Maintaining an efficient and effective supply chain Employee development	Employee commitment Strong board and executive team Diverse skills and talent Innovative capability Intellectual property Supplier management Trusted governance	R9.4 billion paid in salaries and wages R56 million training investment 2 800+ PAXI locations R480 million IT spend Supply chain expertise Brand management	50 000 employees 82% permanent previously disadvantaged individuals employed in South African operations 54 000 employee training sessions 19% employee turnover 26.3% cost of doing business 4.9 million PAXI parcels delivered	Development, retention and attraction Fair remuneration Ethical and safe working conditions Diversity and inclusion Strong governance Digital transformation Best price leadership with a low cost of doing business Trusted and responsible brands
SRC Social and relationship capital Maintaining an efficient and effective supply chain Customer enablement Community support Responsible sourcing	Market demand for needed products and services at affordable prices Brand loyalty Socio-economic stability Regulatory environment Stable and reliable supplier base Responsible supply chain practices Continued investment	340 Ububele schools and 27 PEP Academies supported Commitment to the R-CTFL Master Plan R63 million CSI spend	30 million identifiable customers serviced 20 500 learners in ECD programmes through Ububele schools and PEP Academies 94% of trade suppliers committed to the group's supplier code of conduct Improved B-BBEE contributor level R9.2 million supplier spend on black-owned small, medium and micro enterprises (SMMEs) R8.5 million supplier spend on black women-owned SMMEs	Customer affordability, accessibility and convenience Supplier development Responsible sourcing Community development
NC Natural capital Maintaining an efficient and effective supply chain Maintaining a low cost of doing business Environmental protection	Energy and water security Supply chain efficiencies Resource and waste management	6.0 MWp total solar generation capacity Aligned group reporting processes to determine baselines and set targets	Scope 1: 28 859 (CO ₂ e tonnes) Scope 2: 225 201 (CO ₂ e tonnes) Scope 3: 56 455 (CO ₂ e tonnes) 17 303 173 kWh electricity saved through LED implementation 100% recyclable shopping bags in PEP and Ackermans	Energy and fuel efficiencies Greenhouse gas emission reduction Reduced production waste Responsible packaging options