03

SUSTAINABILITY

SUSTAINABILITY REPORT

"The human touch is our competitive advantage"
Waleed Achmat, director of Human Resources, Lewis Stores

People are at the centre of everything that the Lewis Group does.

Sustainability through people

Lewis Group's sustainability journey is rooted in people. Across brands and regions, Lewis is a people business: technology helps people work smarter, but it is empathy, warmth and authenticity that bring customers back. Unity and a culture of upliftment continue to define how the Group serves, leads and grows – keeping the human connection at the centre of everything it does.

Our commitment to sustainability

Lewis recognises its responsibilities as a business operating within society and the environment. The Group is committed to adhering to sustainable business practices by ensuring appropriate sustainability governance practices are embedded in the business. At Lewis, sustainability means creating value for our stakeholders through responsible practices and long-term thinking. Lewis achieves this by:

- Offering affordable, exclusive and quality goods to customers
- Supporting employees, customers and communities
- Creating long-term value for shareholders
- Ensuring that the business model remains sustainable
- Meeting our responsibilities in sustaining the environment

Lewis embeds a people-first service culture across the Group. In a challenging consumer environment, our teams prioritise excellent customer experiences and support, a practical expression of our Ubuntu ethos, which contributes directly to resilient performance and long-term value for stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

The Group is aware of its impact on the world around it and remains committed to conducting business in a responsible, ethical and sustainable manner. The Group's approach reflects a conscious decision to integrate ESG considerations into how it operates and reports. Measuring our performance in these areas supports better decision-making, reduces harm, unlocks new opportunities and contributes positively to the people and communities connected to the business.

E

Environmental:
Manage climate risk.

S

Social:
Transformation, investment in Lewis' people, and support for the communities in which it operates.

G

Governance:
Social, ethics and transformation committee reporting to the board.

SUSTAINABILITY REPORT continued

Achieved in 2026

People *highlights*

Strengthened customer-first service culture through structured recognition programmes and performance frameworks, supporting improved service consistency and customer retention.

Achieved national recognition with second place in the Super Large Retail Companies category at the W&RSETA Good Practice Awards.

Maintained a strong focus on skills development through accredited training programmes across retail, management and leadership levels with

R68 million

invested in employee training.

32 480

training **initiatives**

Group's record high

The Group made a **considerable investment in CSI initiatives** during 2026, supporting its commitment to positive social impact.

4 QUALITY EDUCATION

R2.7 million

invested towards SDG 4: Quality Education, supporting educational advancement across various stages of learning.

Continued investment in leadership development, with internal progression reinforcing succession planning and organisational stability.

More than

1 800 employees have over 10 years service, reflecting a stable and experienced workforce.

Named "Company of the Year" at the News24 Business Awards (2025), recognising performance, resilience and organisational culture.

Please see the sections on People are the Group's strength (page 28) and Investing in our people (page 27) for more information.

SUSTAINABILITY REPORT continued

Environmental *highlights*

141 tonnes of paper recycled at head office,

3 669 trees saved,

5 422 kL water,

13 308 kWh energy saved and avoiding **146 976 kg** pollutants and **425m³** landfill waste.

19% annual reduction in head office **electricity consumption** following solar installation.

OPERATIONAL SUSTAINABILITY INITIATIVES

The Group accelerated the integration of sustainability into both customer engagement and operational processes. A significant digital shift reduced paper consumption and emissions, including delivering the majority of monthly customer statements *via* SMS and rolling out Mobiz digital marketing campaigns, replacing historically paper-driven channels.

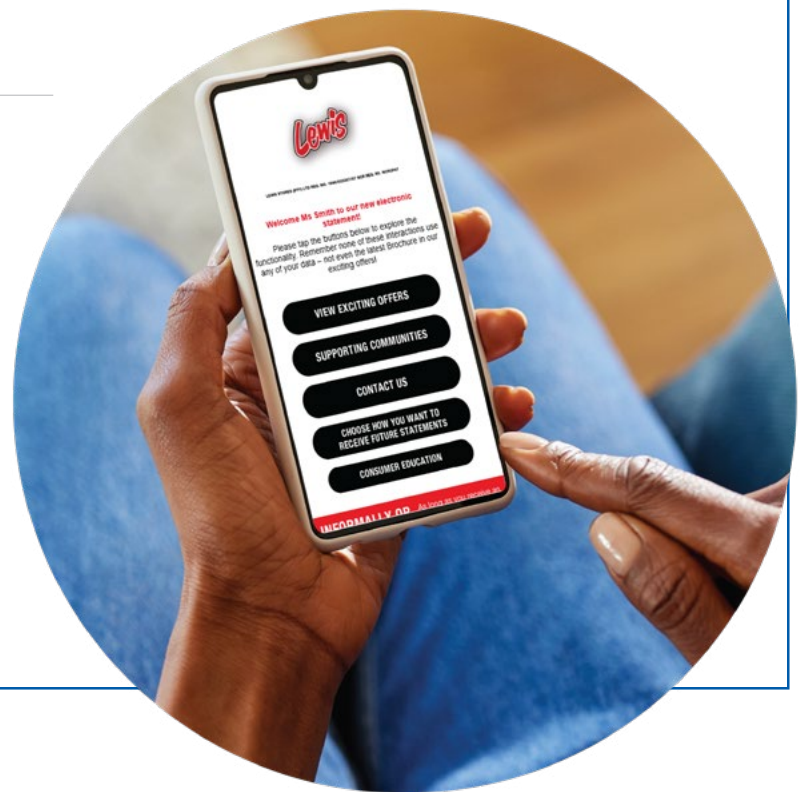
The Group also advanced its energy-efficiency strategy, completing a 25-store pilot of smart meters. Real-time data insights have already shaped behavioural interventions to curb energy use, with potential for a broader rollout once the pilot results are fully assessed.

Completion of smart meter project across **25 stores.**

Digital migration of customer statements and marketing material reduced paper usage and distribution-related emissions.

Logistics partner committed to

30% Scope 1 emission reduction by 2030, supported by efficient fleet upgrades, route optimisation and fuel monitoring.



Alignment with the SDGs

The Group supports the UN SDGs, a global framework that addresses the world's most pressing environmental, social and economic challenges. These goals guide Lewis's efforts to contribute meaningfully to inclusive growth, social well-being and environmental stewardship.

The Group's sustainability commitments are aligned with the following SDGs:

SUSTAINABLE DEVELOPMENT GOALS

SDG 1: NO POVERTY | SDG 2: ZERO HUNGER | SDG 3: GOOD HEALTH AND WELL-BEING

In support of SDG 1, SDG 2, and SDG 3, the Group is committed to allocating a minimum of 1% of annual profits after tax to socio-economic development initiatives aligned with the SDGs. These investments focus on addressing basic needs, improving access to nutrition and healthcare, and strengthening community resilience in the areas where the Group operates.

SDG 8: DECENT WORK AND ECONOMIC GROWTH

In support of SDG 8, the Group remains committed to inclusive skills development and equitable participation in economic opportunity. This includes maintaining training spend on previously disadvantaged employees at no less than 90% each year, strengthening pathways to meaningful employment and career progression. The Group continues to expand access to work opportunities through unemployed disabled learnership programmes, with the intent to increase participation from 300 to 350 candidates by the 2027 financial year, while ensuring that employment equity candidates constitute more than 90% of individuals nominated for leadership development programmes. These efforts are underpinned by a strong commitment to employee well-being, with ongoing adherence to all occupational health and safety regulations and a sustained record of zero occupational disease cases reported.

SDG 4: QUALITY EDUCATION

In support of SDG 4, the Group focuses its socio-economic development initiatives on expanding access to quality education. This includes the continued rollout of bursary and school support programmes, aimed at strengthening long-term learning outcomes. In addition, the Group is introducing consumer financial education initiatives to equip customers with practical financial knowledge and skills, supporting informed decision-making and contributing to greater economic resilience within the communities it serves.

SDG 13: CLIMATE ACTION

In support of SDG 13, the Group continues to integrate climate considerations into operational and customer-engagement practices. Ongoing investment in digital marketing supports the reduction of paper use and associated emissions, while the further rollout of smart meters across stores enables real-time energy monitoring and promotes behavioural change to reduce consumption. Sustainability principles and energy-efficiency considerations will increasingly be embedded into store layout and design as part of revamp programmes. In addition, the Group's third-party logistics partner, Value Logistics, remains committed to reducing its carbon footprint through targeted initiatives aimed at achieving a 30% reduction in Scope 1 carbon emissions by 2030.

SUSTAINABILITY REPORT continued

Sustainability governance

The Lewis Group social, ethics and transformation committee reports to the board of directors.

Its responsibilities include oversight of employment equity, social investment, ethics management and climate-related governance.

Please see page 33 for further detail on the Group's approach to climate governance.

The committee supports the board in monitoring the Group's performance in relation to its social licence to operate and its alignment with applicable legislation and codes of best practice.

At an operational level, the Lewis Stores social, ethics and transformation working group reports to the chief executive officer. The working group is responsible for driving implementation of the Group's social, ethics and sustainability priorities across the business, including workforce transformation, sustainability initiatives, community investment and internal reporting. It ensures that the Group's sustainability priorities are embedded into day-to-day operations and provides regular feedback to the executive team.

BOARD OF DIRECTORS

The board of directors provides strategic oversight of sustainability and ESG matters.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE COMPOSITION

- Three independent non-executive directors.
- The chairperson serves on the committee in his capacity as a non-executive director, not as a chairperson of the board.
- Chief executive officer.

SOCIAL, ETHICS AND TRANSFORMATION WORKING GROUP COMPOSITION

- Human resources director.
- Chief financial officer.
- Chief risk officer.
- Operations director.
- Human resources manager.
- Company secretary.

FOCUS AREAS IN 2026

- **Ethical leadership and responsible governance,** with oversight of ethics awareness, customer conduct, compliance with consumer legislation and key governance policies supporting responsible business practices.
- **Transformation and people development,** including oversight of the preparation of the new five-year employment equity plan with targets for 2030, leadership and skills development initiatives and actions to strengthen management continuity and retention.
- **Inclusive economic and social contribution,** through continued support for learnerships, enterprise and supplier development, and targeted socio-economic development programmes.
- **ESG oversight,** ensuring appropriate monitoring of ESG disclosures and alignment with governance and regulatory expectations.

FUTURE FOCUS AREAS

- **Continued oversight of ethics, transformation and ESG priorities,** with a focus on embedding responsible practices and long-term people and social outcomes across the Group.
- **Preparation for evolving sustainability disclosure requirements,** including oversight of management's readiness for the potential adoption of IFRS S1 and IFRS S2.

OVERSIGHT STRUCTURE:

- The board holds primary responsibilities for ESG and sustainability oversight.
- The social, ethics and transformation committee leads on employment equity, social investment and climate governance.
- The risk committee ensures alignment between climate risks and the enterprise-wide risk framework.

SUSTAINABILITY REPORT continued

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

Investing in our people

Training, talent and skills development

The Group's training and development programmes create opportunities for all employees, ranging from basic sales and product knowledge to preparing high-potential staff for branch and management roles. The training department is accredited by the W&RSETA and delivers a mix of classroom-based e-learning programmes across retail, management and leadership topics.

A central learning and development facility supports the training of store operations managers across all five countries where the Group operates, reflecting a consistent commitment to staff development.

A HUMAN-CENTRED APPROACH TO ARTIFICIAL INTELLIGENCE (AI)

As technological capabilities evolve, Lewis is committed to a just transition that enables employees to adapt to rapidly changing technology. The Group's approach ensures that roles are supported, not displaced, by AI. This reflects its belief that technology enhances human potential, it does not replace it, and preserves the sense of humanity that defines the Group's customer engagement model.

What we achieved this year

SKILLS DEVELOPMENT AND RECOGNITION

19
employees completed the **senior management development programme**

98%
training spend on **previously disadvantaged employees**

Lewis believes that learning is a journey – that shapes not only skills, but also identity. These outcomes reinforce the Group's customer-centric culture and complement formal training by recognising applied behaviours on the job.

Employer recognition

W&RSETA GOOD PRACTICE AWARDS

The W&RSETA Good Practice Awards recognise outstanding wholesale and retail companies, training providers, and individuals for their contributions to skills development in South Africa.

The annual awards honour excellence, innovation, and impact across 16 categories, including learners, bursary recipients, women in leadership, and enterprises of varying sizes.

Lewis achieved national recognition securing second place in the Super Large Retail Companies category. This award underscores the Group's ongoing commitment to overall staff development and community advancement, especially with regard to unemployed disabled learnerships.

Workforce profile

10 942
permanent employees across southern Africa

99.1%
black representation

59.6%
women in the workforce

Black female staff comprises
58.8%
of total workforce

WORKFORCE GROWTH

The increase in Lewis's total workforce to almost 11 000 employees is primarily driven by the continued expansion of the Group's store footprint, alongside broader business growth and the scaling of customer-facing call centre operations. This growth reflects the Group's continued focus on strengthening customer experience capacity and ensuring that every customer interaction is met with humanity, care and responsiveness.

Investment in staff

300
disabled learners part of the **unemployed learnership initiative**

289
interns/learners **offered full-time positions**

47
bursaries granted to staff

45
bursaries granted to dependents of staff

150
dependents of staff provided **educational assistance**

Achieved **level 5 B-BBEE rating**

Employment equity targets exceeded across all employment categories

Continued the **rollout of ethics and integrity training**

Wellness counselling offered to all staff

No reports of health and safety non-compliance

8 DECENT WORK AND ECONOMIC GROWTH

People are the Group's strength

People underpin the Group's long-term performance and differentiation.

In 2026, Lewis continued to invest in skills development, leadership development and recognition frameworks that reinforce accountability, empathy and high-performance. These efforts further strengthened a culture of listening, learning and collective growth across the business.

Long service recognition continued to reflect the depth of loyalty and stability within the Group's workforce, while leadership recognition and internal progression highlighted a strong pipeline of performance-driven talent. Even within core collection processes, the Group's people-first approach remains evident, with customers engaging with trusted individuals from their community who can communicate in the customer's preferred language. Our staff understand our customers' circumstances and challenges, reinforcing continuity, trust and care at every interaction.

THE GREAT EMPLOYEE MOVEMENT (GEM)

The GEM campaign was established to encourage and recognise employees who demonstrate a strong commitment to service excellence. The initiative reinforces the Group's focus on delivering consistent, high-quality customer service across all levels of the organisation.

The management team is committed to customer care and satisfaction and expects the same standard from all employees. To support this, the Group's head office service excellence team evaluates service standards, while managers implement recognition programmes that reward and incentivise employees who deliver outstanding customer experiences.

As part of the Group's social licence and ethics mandate, the Group actively recognises and rewards behaviours that reinforce its values, through initiatives such as the GEM service excellence campaign, long-service awards and leadership performance recognition. These programmes strengthen organisational culture and anchor employee engagement within the Group's broader sustainability oversight.

THE HUMAN HEART OF SERVICE

At the most recent annual awards Lewis celebrated three Diamond GEM service excellence winners. These employees each received more than 25 nominations, the majority of which were customer-driven, with record totals of 26, 33 and 39 nominations, respectively. Their stories demonstrate how human connection and care translate into sustained customer trust.

A DEEPLY COMMITTED WORKFORCE

The Group is proud to have more than 1 800 employees with over 10 years of service. This depth of tenure is a powerful reflection of the culture of belonging, stability and shared purpose within the organisation. It demonstrates that people do not just work at Lewis – they build their careers and lives there.

CEO AWARDS FOR SERVICE EXCELLENCE

"People come to see the team, not the technology... Lewis is, and always will be, a people business"
Johan Enslin, Group CEO

SUSTAINABILITY REPORT continued

Transformation

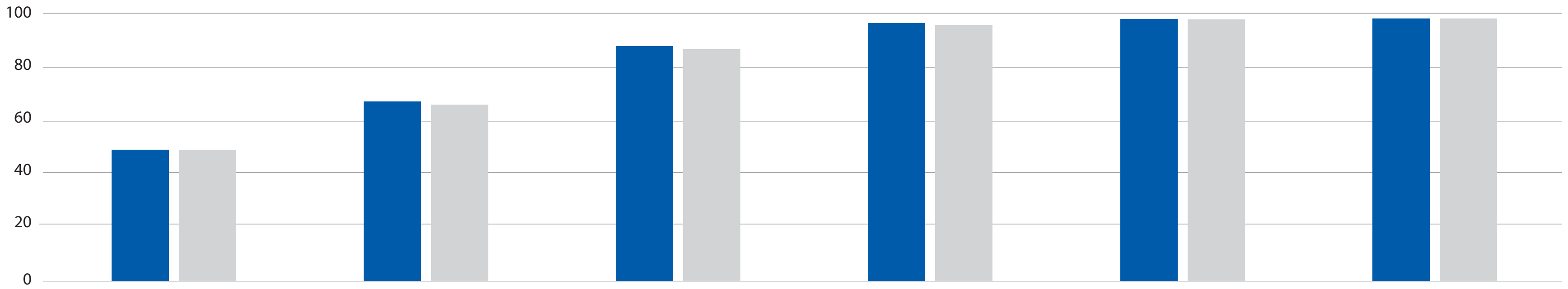
EMPLOYMENT EQUITY

The Group's employment equity plan focuses on increasing the representation of designated groups, mainly in the senior management and professionally qualified areas. Strategies have been developed to achieve internal employment equity targets, including the implementation of a comprehensive learning and development plan, in-service training of retail management students, granting bursaries, job profiling and performance assessments.

Management is also committed to ensuring that the Group's employee profile is representative of the customer base it serves and the communities in which it trades.

Equity targets across all **employment categories exceeded.**

EMPLOYMENT EQUITY - MARCH 2026



	Top management	Senior management	Professionally qualified, and mid-management	Skilled technical and academically qualified workers, junior management	Semi-skilled and discretionary decision-making	Unskilled and defined decision-making
Target 2026	50%	67.11%	88.34%	97.43%	99.66%	100.00%
% Black employees	50%	68.35%	89.51%	98.29%	99.92%	100.00%

BLACK ECONOMIC EMPOWERMENT

The Group supports the principles and objectives of B-BBEE as outlined in the 2015 Amended Codes of Good Practice. The board recognises its responsibility in overseeing transformation and empowerment efforts across all elements of the B-BBEE scorecard.

In 2026, the Group maintained a level 5 rating, verified by AQRate, an accredited empowerment rating agency. Efforts remain focused on strengthening performance to meet the objectives of the B-BBEE Act 46 of 2013.

B-BBEE Element	Weighting	2026	2025	2024
Equity ownership	25	**5.81**	5.69	6.50
Management control	19	**12.64**	12.06	12.14
Skills development	20	**20.91**	21.07	20.77
Enterprise and supplier development	42	**36.28**	36.87	37.18
Socio-economic development	5	**5.00**	5.00	5.00
Total score		**80.64**	**80.69**	**81.59**
B-BBEE rating		**Level 5**	Level 5	Level 5

ENTERPRISE AND SUPPLIER DEVELOPMENT

During the past year, Lewis focused on increasing its local supplier base and continued to support the local furniture industry through a focused enterprise development strategy to stimulate job creation in the domestic economy.

Large volumes of locally sourced merchandise, goods and services are purchased from small businesses which are mainly black-owned.

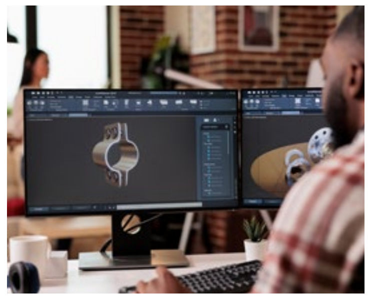
How the Group supports enterprise development partners:

Financial administrative business support

Quality control

Raw material sourcing

Product development



Design

The Group supplier agreements are aligned with and supportive of the 10 principles of the United Nations Global Compact. These establish core values in:

- HUMAN RIGHTS
- LABOUR STANDARDS
- THE ENVIRONMENT
- ANTI-CORRUPTION FOR COMPANIES

SUSTAINABILITY REPORT continued

Supporting communities that support Lewis

Lewis works to improve the quality of life of all stakeholders by making a positive impact. The Group aims to be an active part of the communities where it operates, recognised as dependable, caring and an ethical corporate citizen.

Most of the initiatives that Lewis supports focus on education and nutrition, followed by health and social development. The Group places emphasis on supporting women and children at risk.

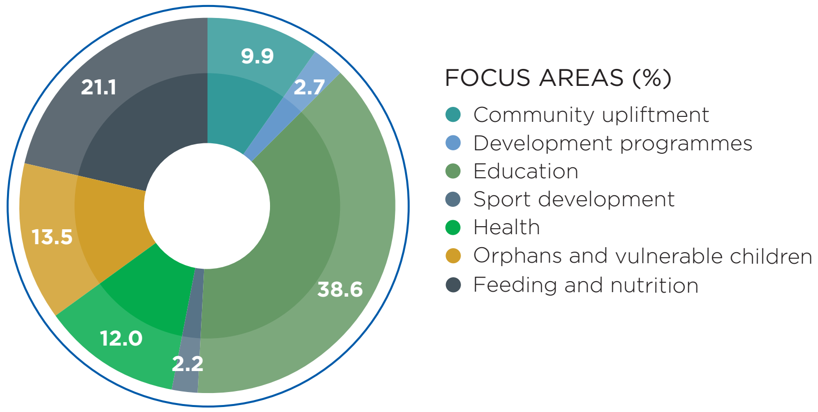
Lewis partners with large-scale projects located in the communities where the Group's employees and customers live. The Group aims to develop replicable models that lead to sustainable and independent community initiatives over time. Lewis achieves this by:

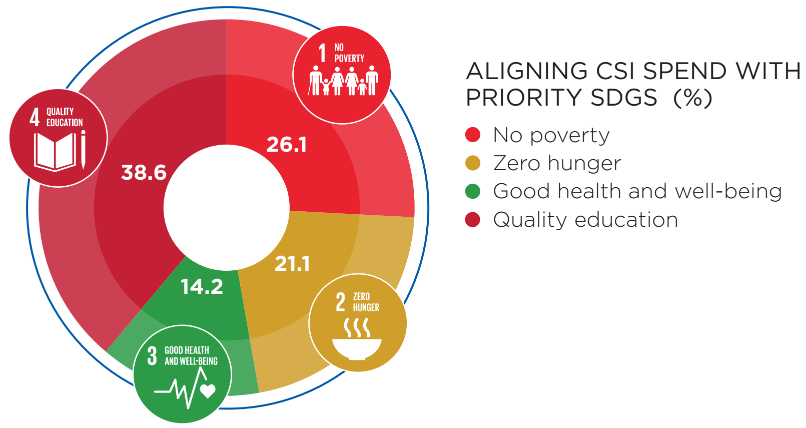
- **Engaging in socio-economic participation** from every level of the organisation by actively seeking employee community involvement opportunities.
- **Communicating** these projects through internal communication channels.
- **Encouraging** stakeholders to get involved.
- **Actively pursuing** the Group's integrated socio-economic development strategy in a transparent manner.

Although primarily focused in South Africa, the programme includes communities in the neighbouring countries of Botswana, Lesotho, Namibia and Eswatini where the Group has a retail presence.

The Group is committed to direct and indirect financial investment in socially responsible initiatives and activities and allocates funds throughout each financial year for this specific purpose.

Direct	Indirect
Financial support.	Contribution in kind for a project including resources, merchandise and materials.





SUSTAINABILITY REPORT continued

1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION

Uplifting and upskilling stories of impact

Lewis believes real sustainability begins with human possibility. Within the 2026 financial year, the Group's social investment focused on creating the conditions that allow children and communities to thrive – supporting nutrition, safety, learning and play in under-resourced early childhood centres through the partnership with the South African Education Project. By strengthening the foundations for healthy growth and development, these initiatives enabled children not only to be cared for, but to grow, learn and belong.

> "Meaningful impact is made possible through strong partnerships with organisations rooted in the communities they serve."

The human heart of the Lewis sustainability journey

Behind every metric in this report there is a person. And behind every strategy, a story. The projects that Lewis support reflects the belief that sustainability is not just what a company does – it is what it makes possible.

These are not mere CSI case studies, but real human lives, quietly and continually transformed by access, belief, and opportunity, where upliftment, though not easy, becomes lasting and far-reaching when approached with humility.

The following are partnerships that embody this principle. Each one reflects a different facet of the Group's long-term commitment to enablement, dignity, and community-rooted transformation.

PENINSULA SCHOOL FEEDING ASSOCIATION

For more than 18 years, Lewis has partnered with the Peninsula School Feeding Association (PSFA) to address childhood hunger – one of the most significant barriers to learning and development. Since 2008, the partnership has grown from 4 to 11 adopted schools and has supported more than 20 000 learners through the provision of over 7.7 million nutritious meals. In 2025 alone, the programme reached approximately 1 050 learners daily. With a cumulative investment of nearly R10 million, this long-standing initiative enables learners to attend school regularly, concentrate in class and achieve improved educational outcomes, reflecting the Group's sustained commitment to uplifting the communities where employees and customers live.

KAY MASON FOUNDATION

The Group continues its long-standing support of the Kay Mason Foundation, an organisation that provides educational scholarships to high-potential learners from low-income households. Lewis' contribution supports access to quality education, mentorship and psychosocial support – helping students not only enter high-performing schools but succeed within them. Many scholarship recipients have gone on to pursue tertiary studies and meaningful careers, creating intergenerational impact for their families and communities.

SUSTAINABILITY REPORT continued

SUPPORTING EARLY INTERVENTION AND INCLUSIVE LEARNING THROUGH THE CAREL DU TOIT CENTRE

Through its long-standing partnership with the Carel du Toit Centre and Trust, Lewis supports access to early intervention services for children who are deaf or hard of hearing, enabling them to develop listening and speech skills during the early stages of life. The Centre provides specialised auditory-verbal education, therapy and family support, working closely with children from birth through the foundation phase to build strong communication outcomes.

Lewis has contributed through ongoing operational funding and, in 2011, supported the construction of a dedicated classroom wing to expand the Centre's learning capacity. In 2025, the Group further strengthened this partnership by committing funding towards the extension of the Centre's early intervention CHAT facility. These investments support children from low and no-income households to access critical therapies and educational support, reinforcing Lewis' commitment to inclusion, early learning and long-term human development.

PARTNERING WITH THE SOUTH AFRICAN EDUCATION PROJECT TO SUPPORT EARLY CHILDHOOD DEVELOPMENT

Through its partnership with the South African Education Project (SAEP), Lewis supports a holistic programme aimed at strengthening early childhood development outcomes in under-resourced communities in Philippi. The initiative focuses on creating safe, enabling environments where young children can learn, play and thrive.

Lewis supported the installation of child-safe jungle gyms at selected early childhood development (ECD) centres, transforming outdoor spaces into vibrant play areas that encourage physical activity and support children's social and emotional development. Recognising the link between nutrition and learning, the partnership also provides consistent nutrition support through food parcels and practical nutrition education for practitioners and parents, helping to address hunger as a barrier to early learning.

In addition, Lewis invested in first aid and fire safety training to strengthen safety and compliance across participating ECD centres. Certified training, along with the provision of safety equipment, has improved emergency preparedness and ensured that children learn and grow in safer, more resilient environments.

SUSTAINABILITY REPORT continued

13 CLIMATE ACTION

Managing climate risk

Climate change is one of the most critical challenges of our time, with far-reaching implications for businesses, governments and society. People enablement is the foundation for climate delivery through training and accountability.

As the impact of climate change becomes increasingly evident, there is a growing need for businesses to assess and address climate-related risks and opportunities. The impacts of climate change, including physical risks such as extreme weather events and transition risks arising from policy changes and market shifts, can have significant consequences for retail operations.

The Group operates an extensive network of retail outlets, manages a complex global supply chain and handles local distribution operations. Understanding these physical and transitional climate risks is crucial in ensuring the Group's long-term sustainability and resilience. This includes how the Group uses energy, engages with resource efficiency, and aligns operations with emerging regulatory and stakeholder expectations around environmental stewardship.

Lewis Group's climate change strategic pathway

STRATEGIC APPROACH TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group continues to monitor developments in climate-related governance and sustainability disclosure, including the evolving South African regulatory landscape and global reporting standards.

In line with IFRS S2 expectations, the Group completed its annual review of the climate risk register and updated scenario analysis, confirming that effective controls remain in place to manage material physical and transition risks.

This strategic approach ensures that climate-related risks and opportunities are increasingly integrated into governance, risk management and operational decision-making as the Group prepares for the broader adoption of global sustainability reporting standards.

2021 – Developed a strategic TCFD-aligned implementation pathway

2022 – First TCFD-aligned report published

2023 – Commenced with climate-related risk and opportunity identification

2024 – Scenario-based climate risk identification and assessment

2025 – Board-approved risks, opportunities and targets, with advanced reporting on first full scenario analysis

2026 – **Commenced with integration of sustainability-aligned principles across customer engagement and store operations**

Climate governance

The Group is committed to reducing greenhouse gas emissions in alignment with international goals to limit global warming to 1.5°C above pre-industrial levels. This commitment is reflected not only in the business operations but also how climate considerations are embedded into governance, risk, and strategy.

Climate disclosures and risk assessments have historically followed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which provided a global framework for identifying and managing climate-related risks and opportunities. Following the disbanding of the TCFD and its integration into the International Sustainability Standards Board (ISSB), the Group's focus is now on aligning with the ISSB's General Sustainability (IFRS S1) and Climate-related (IFRS S2) Disclosure Standards, which both incorporate the TCFD principles. The adoption of IFRS S1 and S2 is not yet mandatory in South Africa, and no timing has been prescribed for the adoption of the standards. The Group continues to draw on the JSE's Climate and Sustainability Disclosure Guidance which provides local context to the evolving global framework.

This multi-tiered approach reflects the belief that climate governance should be both strategic and operational, being embedded across leadership, responsive to regulatory change, and grounded in a culture of accountability.

CLIMATE GOVERNANCE FRAMEWORK

Climate leadership

BOARD

MANDATE

- Determines the direction and drives a climate-conscious culture
- Provides overall guidance to management on the climate-related strategy and implementation through an annual risk review

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Three independent non-executive directors and the chief executive officer

MANDATE

Delegated responsibility to oversee and monitor the impact of the Group's activities, products and services on the environment

RISK COMMITTEE

Seven independent non-executive directors, chief executive officer and the chief financial officer

MANDATE

Risk management oversight and monitoring of the impact of material climate-related risks and opportunities

Climate management

EXECUTIVE COMMITTEE

MANDATE

- Identification, assessment, mitigation and management of material climate-related risks and opportunities
- Responsible for the integration of sustainability-aligned principles across the business operations

SUSTAINABILITY REPORT continued

Climate risks, opportunities and scenario analysis

The Group has reviewed its identification of climate risks and opportunities, working towards impact quantification using scenario analysis.

The Network for Greening Financial Systems (NGFS) was selected as the basis for the Group's scenario analysis. The NGFS consists of seven plausible future scenarios from which management selected the Hot House World and Disorderly Transition scenarios. These scenarios cover a wide range of physical and transition risks and are categorised according to the increasing level of these risks.

The Group believes these are the two most likely future scenarios, considering physical and transition risks.

- **Hot House World:** a scenario where current policies persist, resulting in high physical risks.
- **Disorderly Transition:** a late but forceful response to limit warming to below 2°C, with high transitional disruption.

The risks were assessed qualitatively using the Group's enterprise-wide risk assessment ratings of impact and likelihood, to determine the inherent risk level of each of the identified risks, against each scenario over the short, medium and long term.

The five major climate risks that were previously identified and still remain relevant for the current year from the scenario analysis (not ranked in order of importance) as requiring the most attention over the long term in the strategic risk management process, have been grouped according to the Group's material issues and risks are as follows:

Material issues	Risk
Retail trading environment	• Compounded macroeconomic impacts, resulting in decreased disposable income and reduced revenue • Costs or inability to transition to lower emissions technology
Global and local supply chain challenges	• Disruption in global and local supply chains
Regulatory and legislative compliance	• Carbon pricing resulting in increased operational costs • Increased requirements for climate change disclosures

Refer to Material Issues and Risks Report on pages 14 to 16.

Following the inherent risk assessment, all associated control and mitigation measures were outlined. The impact of existing control measures was factored into a final residual risk assessment, concluding that management is satisfied that all identified risks have adequate control measures in place.

The climate risk matrices will be reviewed and evaluated according to the enterprise risk management system annually and additional controls will be implemented, where necessary.

Metrics, targets and performance

While the Group's approach to tracking, monitoring and reporting performance has evolved in recent years, management is still in the process of identifying meaningful targets.

The Group is piloting a smart metering and utility management system. This will enable management to accurately measure consumption data in real time, removing the current administrative challenges in obtaining this data. Accurate base data will allow for robust reduction targets to be determined for the long term.

Since 2018 the Group has measured and calculated its carbon footprint according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), which includes Scope 1 and 2 emissions and certain Scope 3 emissions.

OPERATIONAL EMISSIONS-REDUCTION INITIATIVES

The Group continued delivering tangible environmental improvements during the year. A key milestone was the installation of solar panels at head office, reducing electricity consumption by 19% in the 12 months post-installation.

The Group also piloted smart metering across 25 stores, enabling real-time visibility of energy consumption and informing behavioural changes to reduce waste. Pending evaluation of pilot outcomes, a wider rollout is under consideration.

In transport, the Group's logistics partner progressed towards its 2030 target of a 30% reduction in Scope 1 emissions, through initiatives such as fuel monitoring, route optimisation and fleet efficiency enhancements.

SCOPE 1 AND 2 EMISSIONS BREAKDOWN (tonnes CO_2e)

The Group's approach to emissions reduction is supported by measurable operational initiatives. During the year, 141 tonnes of paper-based products were recycled, and the solar installation at head office delivered a 19% reduction in electricity consumption. These operational measures complement the Group's emissions monitoring under the Greenhouse Gas (GHG) Protocol (Scope 1, 2, and selected Scope 3).

Scope		Source	2025	2026
SCOPE 1	**Scope 1 emissions result from fuel consumption by Company-owned vehicles as well as diesel generators**	South African fuel	19 200	**20 556**
		International fuel	2 901	**2 424**
		Total scope 1	22 101	**22 980**
SCOPE 2	**Scope 2 emissions result from the generation of purchased electricity by the Company**	South African electricity	18 013	**17 918**
		International electricity	3 460	**3 376**
		Total scope 2	21 473*	**21 294**
TOTAL SCOPE 1 & 2			43 574	**44 274**
Total South African			37 213	**38 474**
Total international			6 361	**5 800**

Increase in fuel consumption by Company vehicles measured under Scope 1 supporting the growth in sales and subsequent deliveries.

Despite an increase in the number of stores over the past year, average electricity consumption per store declined by 9.4%. This was largely offset by higher grid emission factors, driven by Eskom's coal-intensive generation mix, resulting in a marginal net reduction in emissions of 0.5%.

The overall increase in Scope 1 and 2 emissions was driven primarily by the store expansion within the Group, with a record 58 new stores opened during the year.

** Revised emissions due to correction of spend-to-kWh conversions.*

SUSTAINABILITY REPORT continued

SUMMARY OF ASSESSED SCOPE 3 EMISSIONS (tonnes CO_2e)

SCOPE 3

	Emission source	Comment	2025	2026
Fuel and energy-related activities	Oil, gas and coal extraction, transport and conversion to liquid fuels; transmission and distribution losses of the electricity grid	Complete assessment	16 959*	**18 211**
Upstream transportation and distribution	Outsourced road distribution in South Africa	Partial assessment: Outsourced transport within South Africa; Outsourced transport from the movement of stock from South Africa to Botswana, Lesotho, Eswatini and Namibia; does not include international shipping or other transport	7 691	**8 824**
Business travel	Domestic and international flights	Complete assessment	444	**280**
	Car hire	Complete assessment	232	**331**
	Accommodation	Complete assessment	1 756	**1 106**
Employee commuting	Staff transport emissions travelling to and from work	Complete, but indicative value due to method used	7 264	**8 532**

** Revised emissions due to correction of spend-to-kWh conversions.*

Fuel and energy-related activities emissions increased by 7% due to increased petrol consumption by Company vehicles and increased electricity emission factors (Refer to Scope 1 and 2 emissions breakdown on page 34).

Emissions associated with upstream transportation and distribution for the Group could only be calculated for road distribution.

Road distribution is outsourced mainly to one large service provider.

Although international shipping from suppliers to South African ports as well as local furniture manufacturing would also contribute to this category, quantifying the emissions from our supply chain remains a challenge.

The increase in emissions is a result of higher fuel consumption driven by business operational requirements as well as the increased store footprint.

Business travel emissions include domestic, regional and international travel.

A significant decrease in the air travel emission factor has contributed to lower emissions from this category.

Employee commuting emissions are associated with staff travel to work. This increased by 17% driven by an increase in the average number of employees.

The Greenhouse Gas Protocol is currently revising its Corporate Standard, with one of the proposed amendments being that full Scope 3 emissions reporting would be required (Greenhouse Gas Protocol, 2025). The complete draft revised Corporate Standard is due to be released in mid-2026 for public consultation.

Should the proposed requirements be adopted, the Group will need to expand its reported carbon footprint to include all relevant Scope 3 emission categories across its value chain. The potential impact of this will be assessed once the final requirements and effective implementation dates have been confirmed.

Continuing the climate journey

As Lewis looks ahead to 2027, the Group's understanding of sustainability continues to deepen. It is increasingly shaped not only by evolving regulatory and investor expectations, but by the responsibility to create enduring value for Lewis's people, partners and the communities in which the Group operates.

Lewis is committed to:

- **Expanding** smart energy management and reporting systems
- **Reducing** emissions intensity across all operations
- **Deepening** employee development pathways with a focus on intergenerational impact
- **Supporting** early childhood development and nutrition through strategic partnerships with organisations such as SAEP and PSFA
- **Assessing** the impact of IFRS S1 and S2 on the business and ensuring timeous implementation should adoption become mandatory

Sustainability at Lewis is defined by the human choices made every day, guided by care, responsibility and long-term thinking, to create value for the Group's people, communities and the business.