



# IMPACT REPORT

2024





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As used in this report, references to "Grocery Outlet," "the Company," "the registrant," "we," "us" and "our," refer to Grocery Outlet Holding Corp. and its consolidated subsidiaries unless otherwise indicated or the context requires otherwise. Unless otherwise indicated or the context otherwise requires, information in this report is as of the end of our 2024 fiscal year ended December 28, 2024. On April 1, 2024, Grocery Outlet Inc., our wholly owned subsidiary, acquired The Bargain Barn, Inc., which does business as United Grocery Outlet ("United Grocery Outlet," or "UGO"), which included 40 stores in six adjacent states we did not operate in as of such date.

**FORWARD-LOOKING STATEMENTS:** This report contains "forward-looking statements" that reflect our current views about future events and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from those expressed or implied by those forward-looking statements. Unless otherwise indicated or the context otherwise requires, any forward-looking statements are made as of July 2025, the published timing of this report. Examples of forward-looking statements in this report include but are not limited to, our anticipated growth, our supply chain initiatives, employee development, the sustainable and healthy attributes planned for certain of our private label products and future Environmental, Social and Governance (ESG) strategy and initiatives.

**NOTE ON MATERIALITY:** The issues, statements and data included in this report are being provided because they are important to us, and we believe they may be topics of interest to our stakeholders. Our inclusion of these issues, statements and data is not intended to convey that we believe our efforts in these areas or the associated metrics are material under applicable securities and other laws and regulations, including for reports we file with or furnish to the U.S. Securities and Exchange Commission.

**DATA:** Certain information in this report is based on third-party information and projections from sources that management believes to be reputable, although we have not independently verified such information. See the Appendix for additional information applicable to us regarding the SASB Index, including carbon emissions data, and the TCFD Index.





# INTRODUCTION

- ✓ **A LETTER FROM OUR CEO**
- ✓ **ABOUT GROCERY OUTLET**
- ✓ **OUR EVOLUTION**
- ✓ **OUR ESG STRATEGY**





*Jason Potter*  
President & CEO



# A Letter from Our CEO

## DEAR STAKEHOLDERS,

As I stepped into my role as President and CEO of Grocery Outlet, I was filled with motivation and determination to lead this exceptional organization into its next chapter. With over 30 years of experience in grocery retail and a proven track record of driving earnings growth and shareholder value, I am excited to guide our company forward. My goal is to create greater value for all our stakeholders and strengthen our unique business model—one that blends national buying power and extreme value with the entrepreneurial spirit of our Independent Operators (IOs).

## STRENGTHENING OUR CORE

We are dedicated to delivering exceptional customer value and an unforgettable treasure hunt experience while enhancing IO support responsiveness to drive greater efficiency. Our recent investments in system enhancements will support sustainable growth by optimizing supply chain capacity and inventory management.

Our IOs and employees are the engine of our business. Our IOs' entrepreneurial drive and deep community connections enable us to deliver value to customers and foster meaningful relationships across local communities. Reflecting on 2024, we are motivated to improve IO support further and be more efficient in our processes.

In September 2024, the Company held our Independent Operator Meeting, which brought together nearly 540 IOs (representing approximately 307 stores) for a meeting filled with education, collaboration and development. The gathering was a testament to our outreach and engagement, exemplifying our commitment to supporting IOs in their growth and development.

## EVOLVING OUR BUSINESS

We are evolving our business by, among other initiatives, expanding our private label program. This will enable us to provide even more value to the Company's customers while upholding our commitment to quality and affordability. Additionally, to support expansion and improve efficiency, we are investing in our regional supply chain operations to decrease the distance the distribution team travels.

## EXPANDING OUR REACH

The acquisition of United Grocery Outlet in April 2024 added a business that shares our commitment to the treasure hunt shopping experience and outstanding customer value. This tactical acquisition expanded our geographic footprint and strengthened the opportunity for future growth by adding 40 stores across six southeastern states.

In 2024, we also significantly advanced our mission of *Touching Lives for the Better*. We proudly exceeded our \$4.5 million goal for our Independence from Hunger campaign. We passed on an estimated \$2.9 billion in savings to customers as we delivered approximately 40% savings over conventional grocers. We increased our GreenChill-certified store count to 15 locations, achieving platinum-level certification. Furthermore, we enhanced operational efficiency by incorporating CO<sub>2</sub> refrigeration systems in eight new California stores and piloting self-contained cases to meet evolving environmental regulations. These modifications help the environment by decreasing energy usage and cutting costs for the heart of our business—our IOs.

Looking ahead, I am energized by the opportunity to guide Grocery Outlet into a new chapter focused on overcoming challenges and building upon our legacy of *Touching Lives for the Better*.

**Jason Potter**  
President & Chief Executive Officer





# About GROCERY OUTLET

At Grocery Outlet, our unique business model provides value-driven access to quality food by combining a network of independently operated stores with centralized opportunistic purchasing strategies. By partnering with our Independent Operators (IOs) and maintaining strong supplier relationships, we grant communities access to high-quality, name-brand consumables and fresh products at prices generally below 40% of conventional retail prices. Our model inspires customer loyalty, increases sales growth and inherently creates sustainability advantages through reduced food waste and access to affordable food. At the close of fiscal 2024, we had 533 locations across 16 states, marking significant growth that includes our expansion into the Southeast with the April 2024 acquisition of United Grocery Outlet (UGO). Our approach continues to demonstrate that delivering value to customers and creating a positive impact can go hand-in-hand.

# Highlights 2024

## COMPANY PERFORMANCE

**\$4.37B**  
net sales

**533**  
stores<sup>1</sup>

## PRODUCTS

**6,000+**  
SKUs sold weekly in stores

## CUSTOMER SAVINGS

**40%**  
Approximate savings over  
conventional grocer prices  
on average

**40-70%**  
savings generally offered on  
WOW! items

**\$2.9B**  
estimated savings passed  
on to customers<sup>2</sup>



## COMMUNITY

**\$4.8M+**  
donated through  
Independence from Hunger

## PEOPLE

**90%+**  
participation in our  
annual employee  
engagement survey

**481<sup>3</sup>**  
IOs supported  
network-wide

**49**  
entrepreneurial  
opportunities created in  
new and existing Grocery  
Outlet stores in 2024

## PLANET

**100%+**  
of stores use timed lighting  
and heating systems to  
lower energy consumption<sup>4</sup>

**100%**  
of stores use an  
Energy Management  
System<sup>4</sup>

**63%**  
of our 3rd party  
carrier partners are  
SmartWay<sup>5</sup> certified

<sup>1</sup> As of December 28, 2024, 42 stores, including the 40 acquired UGO stores, were Company-operated stores.  
<sup>2</sup> Calculated using 2024 net sales and average savings of 40% compared with conventional grocery stores, based on Grocery Outlet's pricing research.  
<sup>3</sup> A small number of IOs operated multiple stores.  
<sup>4</sup> Excluding UGO stores.  
<sup>5</sup> Learn about [SmartWay](#) | [US EPA](#)



# Our Evolution



JIM READ OPENS  
CANNERY SALES

1946



1971

FIRST SUPPLIER:  
DEL MONTE

FIRST IO AGREEMENT  
SIGNED IN REDMOND, OR

1973

1985

FROZEN & REFRIDGERATED  
INTRODUCED

GROCERY OUTLET  
UNIVERSITY  
LAUNCHED

1988

1999

FRESH PRODUCE  
INTRODUCED

FRESH MEAT  
INTRODUCED

2003



2007

NOSH  
LAUNCHED

REACHED  
\$1B IN SALES

EAST COAST  
EXPANSION

TLF & IFH  
LAUNCHED

2011

What a  
**DEAL**



OMG

Wow!



Yum!



2012

SOUTHERN CALIFORNIA  
EXPANSION

200<sup>TH</sup> STORE  
OPENS

2013



2014

SAVED  
CUSTOMERS  
\$1B

REACHED  
\$2BIN SALES

2017

IPO LISTED  
ON NASDAQ

2019

2020

REACHED  
\$3B IN SALES  
|  
SAVED  
CUSTOMERS  
\$2B



2021

400<sup>TH</sup> STORE  
OPENS

2022

FIRST ESG  
MATERIALITY ASSESSMENT  
& GHG INVENTORY



2024

LAUNCHED  
GO APP  
|  
SOUTHEAST EXPANSION  
WITH ACQUISITION  
OF UNITED GROCERY  
OUTLET

JASON POTTER  
BECOMES CEO

2025

NOSH  
Natural, Organic,  
Specialty, Healthy

TLF  
Touching Lives  
Foundation

IFH  
Independence  
from Hunger



# Our ESG Strategy

At Grocery Outlet, our commitment to environmental stewardship, social responsibility and strong governance aligns with our mission, *Touching Lives for the Better*. Our Environmental, Social and Governance (ESG) strategy complements our distinct business model, which focuses on providing access to quality food while nurturing local business ownership and implementing sustainable practices.

In our Communities, we utilize our opportunistic buying model and IO network to enhance access to affordable, quality food while fostering economic growth through local partnerships and engagement. Our People strategy emphasizes building pathways to entrepreneurship for our IOs and fostering an inclusive workplace that empowers both corporate employees and store teams. This approach not only drives business growth but also generates significant economic opportunities within our communities. Our Planet initiatives seek to reduce food waste through our innovative business model and improve operational sustainability through energy-efficient stores and optimized supply chains. We continue to advance our ESG efforts as we navigate changing business requirements, stakeholder expectations and new regulations, ensuring our strategy remains flexible and effective.



Our **MISSION**  
*Touching Lives for the Better*

Our **VALUES**  
**ENTREPRENEURSHIP • ACHIEVEMENT**  
**• DIVERSITY • FUN • INTEGRITY •**  
**FAMILY • SERVICE**

We aim to create lasting value for all stakeholders through our three interconnected pillars:

## COMMUNITIES

- ✓ Saving Customers Money
- ✓ Providing Affordable Quality Food
- ✓ Giving Back

## PEOPLE

- ✓ Providing Opportunities for Operators
- ✓ Providing Opportunities for Employees

## PLANET

- ✓ Reducing Food Waste
- ✓ Workplace Where Everyone Can Thrive



# COMMUNITY



At Grocery Outlet, our dedication to community impact spans from making quality food accessible and reasonably priced to actively supporting the neighborhoods we and our IOs serve. Throughout 2024, we reinforced this commitment through expanded programs, deeper community connections and innovative solutions to address food insecurity.

- ✓ **SAVING CUSTOMERS MONEY**
- ✓ **AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES**
- ✓ **GIVING BACK**



SAVING CUSTOMERS MONEY > AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES > GIVING BACK

# Saving Customers Money

As inflation and economic pressures continued to affect households across our markets in 2024, assisting customers in maximizing their purchasing power became increasingly vital. Through our innovative opportunistic buying model and strategic partnerships with suppliers, we consistently delivered products at prices generally 40% lower than those of conventional retailers, enabling families to maintain access to quality food and essential items while effectively managing their budgets.

## What a DEAL

By partnering with Tropicana on their 'War on Waste' initiative, we diverted 100,000 gallons of product (nearly half a million units) of Starbucks coffee, creamer and Kevita sparkling probiotics from landfill. This resulted in \$1.7M or

**62% SAVINGS**

passed on to our customers.

We diverted over

**1.2M POUNDS OF PRODUCTS**

including hams, bacon and salami, by partnering with Tyson, Smithfield, Hormel and other meat suppliers, providing an average

**45% SAVINGS**

over traditional retail value.



# Wow!

**OVER THE LAST FIVE YEARS, WE HAVE HELPED CUSTOMERS SAVE:**

Approximately  
**40-70%**  
on WOW! items

More than  
**\$12B**  
compared to traditional grocery stores<sup>6</sup>

In 2024 we had  
**\$2.9B**  
in savings alone<sup>6</sup>

<sup>6</sup> Calculated using net sales and average savings of 40% compared with conventional grocery stores and based on Grocery Outlet's pricing research.



# Affordable, Quality Food

## FOR OUR COMMUNITIES

Food insecurity continues to rise<sup>7</sup>, with an estimated 47.4 million people across the U.S. experiencing food insecurity in 2024. Persistently high grocery and restaurant food prices lead consumers to emphasize value when shopping for groceries while still desiring quality goods, fresh products and an optimal shopping experience. We continue to serve as an important resource for families across diverse income levels, providing accessible, nutritious food options that support community well-being. We take pride in offering our customers a comprehensive selection of wholesome, inexpensive choices, from farm-fresh produce and quality meats to trusted national brands and everyday essentials.

<sup>7</sup> [USDA Food Security Report Highlights Startling Hunger Crisis in America](#)



### PRIVATE LABEL

We made a major leap forward in 2024 with the launch of our private label program, rolling out over 180 innovative new SKUs across grocery and deli categories, strengthening our market presence and delivering more value to our customers. We plan to continue to expand our private label categories and portfolio. Our current portfolio consists of:



Quality assurance is key to our private label program—every product has a full shelf life for optimal freshness. We back our products with a satisfaction guarantee: if customers aren't completely satisfied, they can return items with a receipt for a refund or credit. We are currently expanding our private label categories and product range.

### HEALTH & NUTRITION

We are dedicated to providing access to healthy and nutritious food at reasonable prices. In 2024, approximately 46% of our net sales came from perishable and natural organic selections and specialty health (NOSH) offerings. These categories are crucial to our product strategy, allowing customers to access nutritious choices while keeping prices low.

Across our stores, customers can explore an extensive range of fresh produce, high-quality dairy products, fresh meat, seafood and NOSH foods. This varied selection caters to different dietary preferences and nutritional requirements while upholding our dedication to exceptional quality and service value.

### FOOD SAFETY

Food safety remains a high priority across our operations. In 2024, we reinforced our commitment to be ready to comply with the updated [Food Safety Modernization Act](#) requirements. We continuously update product labeling, enhance food safety protocols, improve supply chain traceability and monitor recalls to ensure compliance with FDA regulations. Additionally, we share best practices regarding food safety with IOs pertaining to storage and handling protocols and provide IOs with ongoing safety compliance information and resources.





SAVING CUSTOMERS MONEY > AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES > GIVING BACK

# Giving Back

## COMMUNITY ENGAGEMENT

Our longstanding legacy of community engagement deepened in 2024 through expanded initiatives and stronger community connections. Our inaugural GO Volunteer Day exemplified this commitment, bringing together over 100 employees across Oakland, CA and Seattle, WA. Their collective efforts resulted in 42,000 pounds of food sorted, providing 34,000 meals to local communities.

Additionally, IOs consistently demonstrate extraordinary commitment to their neighborhoods. Here are a few examples from California:

- ✓ Our Watsonville store partnered with the local Fire Department for a fundraising pancake breakfast benefiting Second Harvest Food Bank.
- ✓ Our store in Lakeside fostered youth education by hosting Girl Scout Troop 674 for an interactive business learning experience.
- ✓ Our employees at an East Coast store partnered with Joey's Little Angels to facilitate a toy drive.

[CLICK TO PLAY VIDEO](#)

Our Downtown Fresno store teamed up with **FOX26 News** for the 8<sup>th</sup> year for 'Random Acts of Kindness' to surprise customers with free groceries.

### \$214,000

granted to team members and IOs facing hardships from unforeseen challenges in 2024

TOUCHING LIVES FOUNDATION

## TOUCHING LIVES FOUNDATION (TLF)

Since its establishment in 2011, TLF has remained a cornerstone of our commitment to supporting our people and IOs through difficult times, contributing nearly \$2 million to over 730 recipients. In 2024, \$214,000 was granted to 186 team members and IOs who faced hardships from unforeseen challenges, including losing loved ones, illness, and being impacted by natural disasters such as Hurricane Helene.



EMPLOYEES IN THE SOUTHERN CALIFORNIA AREA VOLUNTEERED TO HELP CURATE THE RESALE OF CLOTHING TO SUPPORT LAURA'S HOUSE



## INDEPENDENCE FROM HUNGER (IFH)

Our ongoing dedication to combating food insecurity in our communities is showcased through our IFH campaign, which in 2024 brought together more than 470 Grocery Outlet locations nationwide annually. We are excited to share that in 2024, we surpassed our annual goal of \$4.5 million, raising IFH's total contributions to over \$25 million in cash and food donations since its inception in 2011. Every dollar collected is directed toward local food agencies, and we remain committed to ensuring zero administrative fees.

Corporate partnerships further amplified our impact, with record-breaking supplier contributions from OK Produce, ConAgra, Smithfield, United Salad and Campbell's Snacks.

Smithfield Foods delivered

### 41,000 POUNDS

of pork protein to Central PA Food Bank

This pork protein donation is a tremendous support for our neighborhood in need. Protein has been a challenge to source & your donation will really help fill this gap. We are very proud to share the Smithfield Name!



SAVING CUSTOMERS MONEY > AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES > **GIVING BACK**



Additional local initiatives increased the campaign's success:



Southern California BBQ fundraiser that generated **OVER \$4,500** for Compton and Placentia stores

**SECOND ANNUAL**  
IFH Golf Tournament in Reno, NV



Prosser store's car wash event with local basketball teams raised **OVER \$1,200** for Jubilee Ministries Food Bank. The car wash also engaged customers via our "Give \$5, get \$5" offer, where a donation of \$5 or more provides customers with \$5 off their next purchase



Employee fundraising at the **EMERYVILLE, CA HEADQUARTERS**



Online donations specifically supported the San Francisco Bay Area through our partnership with **THE ALAMEDA COUNTY COMMUNITY FOOD BANK**



SAVING CUSTOMERS MONEY > AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES > **GIVING BACK**

## SHOWING UP FOR THEIR COMMUNITIES

Across the country, our operators are finding creative, meaningful ways to deliver value, support their neighbors and grow their businesses with purpose. These stories highlight what impact looks like in action. Whether responding boldly to a unique market opportunity, growing with integrity or turning a store parking lot into a hub for community care, our IOs prove that doing good and doing well can go hand in hand.

Brian Viera donated

# 11 PALLETS

of drinking water to those affected by the Davis Fire in Reno, Nevada.



Since arriving in Arlington in 2022, **Chad and Gina Hilker** (Arlington, WA) have done more than run a great store—they have become a significant part of the community. From local volunteer work to supporting town events, they make their store feel like a true neighborhood spot. Their efforts have not gone unnoticed: in 2024, they were named Business of the Year and received the Spirit of Entrepreneurship award, voted on by the people of Arlington. Their story is proof that when a store is rooted in the community, it becomes something much bigger than retail—it becomes part of people's everyday lives.



**Dave and Teresa Hogan** (Santee & East Village, CA) make a remarkable impact at their Santee and East Village locations. Several times each year, they collaborate with local businesses to host outreach events in their stores' parking lots, providing food, clothing and essential items for those experiencing homelessness. This cause is close to their hearts, and their customers and the community rallied around them. It's not just about what's on the shelves—it's about using the store as a hub for care, dignity and community support to come together.







# PEOPLE

Much of Grocery Outlet's success stems from our dedicated employees and unique IO model. Employees are equipped with avenues for advancement and comprehensive benefits, while our IOs are empowered to grow as successful entrepreneurs. Together, they drive our progress and provide exceptional value to our customers and the communities we serve.

- ✓ **OUR INDEPENDENT OPERATORS**
- ✓ **ONGOING SUPPORT**
- ✓ **SUPPORTING OUR EMPLOYEES**
- ✓ **EMPLOYEE DEVELOPMENT**
- ✓ **FOSTERING HIGH PERFORMANCE**



# Our Independent Operators

## CREATING OPPORTUNITIES

The entrepreneurial spirit of our business model resonated strongly throughout 2024, attracting over 40,000 inquiries from individuals interested in joining our IO network. Through our comprehensive selection and support process, we welcomed 49 new entrepreneurs to the Grocery Outlet family. By year-end, our network grew to 481 IOs, including 16 entrepreneurs who have expanded to operate dual stores. This growth reflects both the attractiveness of our business model and our commitment to supporting operators' long-term progress.

Our approach to entrepreneurship remains centered on accessibility and support. We continue to facilitate business ownership, requiring only modest initial investments, often supported by Grocery Outlet financing options. This structure enables talented retail professionals to pivot from traditional employment to business ownership, creating opportunities for wealth building and community leadership.

Becoming an IO has given me the ability to provide for my family, create jobs in my community and build a business that aligns with my passion for service. More than financial success, ownership promotes the growth of meaningful relationships, a legacy of service and a business that truly reflects the needs and values of those it serves. Being an owner has opened doors that were invisible before, even with over 15+ years in multiple leadership roles.

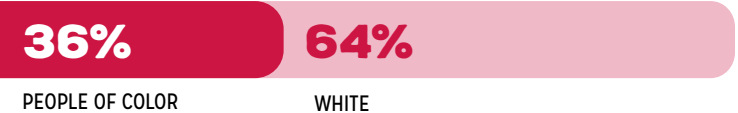
- CHUCK WUEMEKA  
(MAYS LANDING, NJ)

## IO DEMOGRAPHICS<sup>8,9</sup>

### GENDER BREAKDOWN



### RACIAL & ETHNIC BREAKDOWN<sup>10,11</sup>



8 All values were rounded to the nearest whole number. IOs are entities by one or more individuals.  
9 Most IOs are a two-person team. This demographic information was collected with a survey where we asked each member of each IO entity to respond. Data is as of 6/1/2024.  
10 Hispanic/Latino, Asian, Black/African American, Native Hawaiian/Other Pacific Islander, Multiracial or American Indian/Alaska Native.  
11 Racial and Ethnic data exclude IOs who choose not to disclose or left the field blank.



SEAN & TIFFANY THARP  
(MADERA, CA)

When California delivered a perfect cherry crop in June, Sean and Tiffany saw a big opportunity. Instead of sticking to the usual order, they took a risk, bringing in a lot more cherries to meet what they anticipated would be strong demand. They went above and beyond by creating eye-catching, oversized displays, restocking throughout the day, and marketing to get customers excited. Their proactive, bold approach turned a seasonal moment into a storewide success, bringing top-quality cherries to more shoppers and proving that taking smart risks can lead to sweet rewards.

EMILY & JARED DELAY  
(CAMARILLO, CA)

In just two years, Emily and Jared took their store from solid to standout, boosting weekly sales from \$115,000 to \$166,000 and breaking records along the way. They raised the bar: more inventory, better selection, fresher produce and a motivated team. They also stayed deeply connected to their community, which made a big difference. This kind of growth is good for business—it shows what's possible when a store is run with care, focus and a real connection to the people it serves.





# Ongoing Support

At Grocery Outlet, we provide extensive training and support to help IOs thrive as entrepreneurs and achieve lasting success. Working together is key to our strategy, allowing us to closely partner with our IOs for mutual growth. Our tiered approach to professional development—from specialized training to advanced continuing education—offers a holistic learning experience that assists operators at every phase of their business development.

## TRAINING AND DEVELOPMENT

Our professional development ecosystem supports IOs throughout their entrepreneurial journey. Our foundational program, Aspiring Operators in Training (AOT), provides thorough preparation for future store ownership. The program includes hands-on training where AOTs gain experience in existing stores alongside trained IOs, complemented by remote learning days, approximately 20 hours of in-person instruction and 120 hours of structured content. In some cases, we tailor sessions by particular topics. For example, fresh merchandise training focused on meat and produce operations. This rigorous preparation equips our future IOs with the skills and knowledge necessary for effective store management.

## INDEPENDENT OPERATOR MEETING

We recently hosted our popular Operator Meeting, providing a valuable opportunity for IOs nationwide to engage with each other, exchange best practices and discuss future initiatives. The conference fosters a collaborative atmosphere that enhances our IO community through peer learning and the sharing of effective strategies. Sessions are led by experts and provide actionable tools for immediate use. The conference includes topics like sales optimization, margin management, team building and operational excellence. Another conference favorite is the trade show, which features members of our purchasing team, corporate teams and various vendors and suppliers. Through this forum, our IOs get a chance to discuss and collaborate on various product topics.



## Good to Great! PROGRAM

In 2024, we launched the "Good to Great" program for a select group of IOs who had completed their first year. This intensive three-day continuing education initiative focuses on advanced business management strategies. Like the Operator Meeting, it emphasizes peer learning and the sharing of best practices. Building on the success of the initial sessions, we plan to host additional gatherings in 2025.

The program was great. I enjoyed the presentations and took back valuable insight that's already made a positive impact on my business."

— GOOD TO GREAT PROGRAM ATTENDEE



OUR INDEPENDENT OPERATORS > ONGOING SUPPORT > SUPPORTING OUR EMPLOYEES > EMPLOYEE DEVELOPMENT > FOSTERING HIGH PERFORMANCE

## PEER SUPPORT

Our IOs frequently collaborate and assist each other. This includes participating in regional ad hoc events and creating social media pages to exchange ideas and share best practices.

## NEW STORE SUPPORT

Opening a new store is a critical phase in an IO's journey, and our comprehensive support system ensures a strong foundation for growth. Our approach combines intensive operational assistance with strategic marketing support, creating a smooth transition into store ownership. Each new IO receives dedicated support from a transition coach who provides hands-on guidance during the initial phase. Regular engagement with our Operator Support team ensures alignment with best practices. The Marketing team provides strategic promotional campaigns and targeted marketing assistance, including grand opening and app engagement. These efforts help establish strong community connections and drive customer awareness.

## UPGRADED SYSTEM

We continue to invest in our systems to better support our IOs. In 2024, we improved key Enterprise Resource Planning system elements, including our financial ledger, inventory management platform and product data warehouse. Our new store portal provides IOs with comprehensive inventory visibility for consistent operations. Additionally, in 2025 we launched our upgraded real-time order guide, which will significantly reduce time to shelf, inventory planning and management and payment processing.

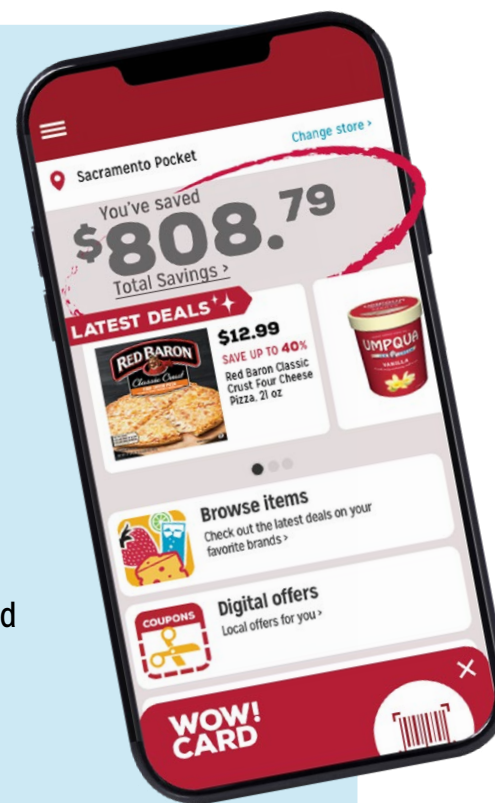
### GROCERY OUTLET MOBILE APP

The Grocery Outlet Mobile App launched in 2024, and by year-end, we had

**1.24 MILLION DOWNLOADS,**

surpassing our goal of 1 million. The app allows shoppers to track savings, find trending items and get personalized recommendations.

For IOs, the app provides inventory management tools and showcases offerings to local customers.



## FURTHER SUPPORT AREAS FOR IOS INCLUDE:

Beyond our core support programs, we continue to expand and enhance our assistance to IOs through multiple channels:

### REGIONAL ROADSHOWS

Our CEO and other leadership team members host one-day meetings across regions to update IOs on new initiatives (e.g., private label expansion and technology upgrades) and to share best practices.

### TECHNOLOGY ENHANCEMENT

We've improved information accessibility through upgraded ordering systems and enhanced data analytics tools. Our new handheld devices and specialized apps streamline inventory management and expiration date monitoring, supporting consistent operations while helping reduce product shrinkage.

### OPERATIONAL EXCELLENCE

Our cross-collaboration with IOs maintains strong operations through optimized costs, energy efficiency programs and reduced credit card processing fees.

### SAFETY AND COMPLIANCE

We share best practices regarding safety and compliance, providing IOs with information on industry standards for adhering to safety, environmental and food regulations. This resource assists IOs to meet their obligation to comply with state regulatory requirements.

### NETWORK INFRASTRUCTURE

Investments in IT network infrastructure and guest Wi-Fi systems have enhanced connectivity and improved the overall customer experience. These improvements support sustained operational efficiency and customer satisfaction.





# Supporting Our Employees

Our employees are the foundation of Grocery Outlet's success, bringing unmatched dedication and enthusiasm to serving our communities. Throughout 2024, our teams demonstrated remarkable resilience, innovation and commitment to our core values of Entrepreneurship, Achievement, Diversity, Fun, Integrity, Family and Service.



## EMPLOYEE ENGAGEMENT

Our mission to foster meaningful dialogue and gather valuable employee feedback gained momentum through various innovative communication channels.

The launch of monthly skip-level meetings created direct pathways between employees and senior leadership, while expanding department roundtable discussions and enhancing All Hands Meetings, strengthening collaboration across teams.

In addition to these initiatives, our weekly Bargain Bulletin updates highlighted employee achievements and featured interactive content that encouraged engagement. Regular pulse surveys on specific workplace topics also played a key role in gathering real-time insights from our workforce. The impact of these efforts was reflected in another 92% participation rate in our annual employee engagement survey. This consistent engagement demonstrates our workforce's investment in shaping the organization's future and informs our continuous improvement in operations, training programs and employee support systems.





# EMPLOYEE HEALTH & SAFETY

We are committed to the health and safety of our employees. We enhanced our safety programs and introduced a new safety tracking system to help monitor and address workplace safety across our Regional Fulfillment Centers (RFCs), Grocery Outlet company-run stores and corporate offices. We also enhanced our “Return to Work” initiatives, which facilitated the reintegration of employees who had been absent from work due to workplace injuries. Our programs focus on a smooth transition back to work and supporting our employees’ recovery. These efforts resulted in an over 50% reduction in claims cost, a 17% reduction in incident frequency (compared to 2023) and a savings of approximately \$600K.



## SAVING AN ESTIMATED \$600K

our “Return to Work” initiatives resulted in an over 50% reduction in claims cost and a 17% reduction in incident frequency (compared to 2023).

Our RFCs and Grocery Outlet company-operated stores sustained safety programs through regular Occupational Safety and Health Administration (OSHA) training, updated emergency protocols, enhanced security measures, improved maintenance, Safety Committee meetings and ongoing awareness campaigns.

We maintain a Safety Committee for our RFC employees, and our Safety Department regularly provides new injury avoidance information at monthly employee-wide meetings. These efforts led to measurable results, with the Leola, PA RFC achieving a one-year accident-free milestone.

At Burnt Creek Regional, our new RFC in Washington (leased in 2024 and opened in 2025), we integrated advanced safety features like enhanced lighting, ergonomic design, upgraded equipment, modern ventilation, improved traffic patterns and dedicated training areas. Our new monitoring system allows real-time tracking of safety metrics for immediate hazard response and preventive measures. Our teams are dedicated to our improved safety protocols, which are already demonstrating effective results.

# EMPLOYEE COMPENSATION AND BENEFITS

We are committed to providing competitive pay and extensive benefits to attract and retain the talent crucial for advancing our mission and long-term progress. Our compensation packages are tailored to various employee levels and may encompass base salary, performance-based bonuses, equity grants and involvement in our profit-sharing program. Moreover, our benefits approach promotes employee well-being by prioritizing physical, mental and financial health, featuring initiatives like wellness challenges, financial consultations and career growth.

Our benefits include:

## PHYSICAL HEALTH:

- ✓ Premier medical, dental and vision coverage with expanded provider networks
- ✓ Health savings accounts (HSAs), life insurance, accidental death and dismemberment coverage and long-term disability insurance
- ✓ Wellness education resources, quarterly wellness challenges and on-site biometric screenings to promote well-being
- ✓ Access to preventive care education through our enhanced Health & Wellness Fair series, which is held at corporate offices and RFCs

## MENTAL WELL-BEING:

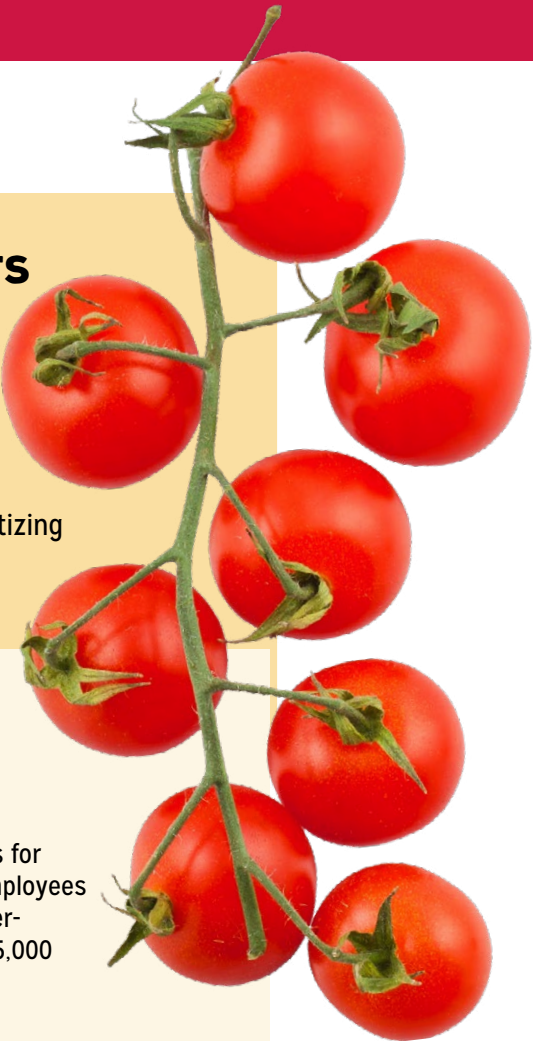
- ✓ Free, on-demand, confidential mental health services, including counseling and coaching
- ✓ 24/7 stress management and mindfulness resources, as well as work-life balance support

## EMPLOYEE AND FAMILY SUPPORT:

- ✓ Scholarship opportunities for dependent children of employees and IOs pursuing an under-graduate degree, up to \$5,000
- ✓ Pet insurance

## FINANCIAL SECURITY:

- ✓ Competitive compensation packages, including enhanced 401(k) matching through a profit-sharing program
- ✓ Personalized financial planning services to help employees with their financial literacy and future planning
- ✓ Educational assistance programs include tuition reimbursement and scholarships for employees and their dependents
- ✓ Participation in the California Grocers Association Educational Foundation program





# Employee Development

Our employees' continued growth and development remain central to Grocery Outlet's success. In recent years, we expanded our learning and development initiatives and introduced new programs while enhancing existing offerings to support career advancement across all levels of our organization. Our approach combines structured learning paths, personalized development planning and hands-on experience to create meaningful career progression opportunities.

## PERFORMANCE MANAGEMENT

We enhanced our performance management framework by implementing a comprehensive Individual Development Plan (IDP) structure. This improved system enables employees to work alongside their supervisors to develop a personalized career roadmap that aligns their aspirations with the organization's goals. The IDP framework aids in effective succession planning and provides clear pathways for career progression within Grocery Outlet. This initiative is already yielding positive results, as 24 individuals secured new roles within the company in 2024.

Our performance management strategy focuses on collaborative goal setting between employees and managers, ensuring alignment with company priorities and established success metrics. All people managers underwent extensive training on goal setting, crafting impactful reviews and offering constructive feedback. This commitment to enhancing leadership skills ensures that our biannual formal review process provides the utmost value for employee development.

Overall employee performance is evaluated based on individual goals at year-end. To enhance performance management, we introduced an upgraded manager toolkit designed to help leaders effectively guide and support team members as needed.



## EDUCATION ASSISTANCE PROGRAM

The impact of our educational support extends beyond individual employees through our robust scholarship program. Our scholarship program awards up to \$5,000 to support the undergraduate education of employees' dependent children, demonstrating our commitment to supporting their families. Through our continued partnership with the California Grocers Association Educational Foundation, we expanded these educational opportunities to include our IOs and their dependents, fostering a broader community of learning and development across our business ecosystem. Our education assistance initiatives supported two employees through tuition reimbursement and awarded 12 scholarships totaling \$27,000 to employees' dependents and IO families.







**INTERNSHIP PROGRAM**

Our 10-week paid internship program continues to serve as a vital talent pipeline, providing students with immersive retail industry experience while introducing fresh perspectives to our organization. We enhanced the program's scope to include deeper operational exposure and expanded project ownership opportunities. Interns now participate in cross-functional initiatives that directly impact our business while receiving mentorship from senior leaders who guide their professional development. We are proud to share that 25% of our interns have converted to full-time roles since the program began in 2019.

**TRAINING**

Our commitment to developing leaders at every level is reflected in our expanded suite of leadership programs:

**FOUNDATIONS OF LEADERSHIP**

Our signature 12-month program for RFC supervisors and managers continued to evolve in 2024. The program includes:

- ✓ Monthly classroom training sessions
- ✓ Online learning assignments
- ✓ Regular manager coaching sessions
- ✓ Practical application of leadership concepts

**THE LEADERSHIP ROOM**

Launched in 2023, this program provides targeted development opportunities for emerging leaders across the organization. Practical leadership skills are combined with strategic business acumen, preparing participants for increased responsibilities and future leadership roles.

**VIRTUAL LEARNING**

We significantly enhanced our digital learning capabilities with GO Learning, our comprehensive learning management system. This platform has experienced strong adoption, with 1,219 users completing nearly 7,000 hours of training across various learning pathways. By the end of the year, more than 16,000 courses had been completed.

The platform's most popular topics reflect our employees' focus on both technical and soft skills development:

- ✓ Microsoft Excel proficiency
- ✓ Prioritization techniques
- ✓ Feedback skills
- ✓ Listening and communication

Looking ahead to 2025, we will continue to expand our virtual learning ecosystem by providing additional customized content, enhancing microlearning opportunities and broadening technical training pathways.





# Fostering High Performance

**Welcoming differing viewpoints enhances our understanding of customer needs, leading to improved decision-making and increased customer satisfaction, which drives our success. By creating spaces where everyone is respected and listened to, we unleash our team's full potential and build a culture that draws in and keeps top talent.**

## OUR TALENT

All employment-related decisions are strictly merit-based or based on legitimate, non-discriminatory business needs without quota requirements. Our primary focus has been and continues to be on our employees' training, mentoring and overall development. Throughout 2024, we maintained our outreach efforts to connect with underrepresented groups, including participation in university job fairs. We offered anti-bias training for employees at the director level and above. Our workforce statistics encompassing gender, race and ethnicity are now being provided as part of a consolidated EEO-1 report, which will be available on our website following our submission for 2024 (once the U.S. Equal Employment Opportunity Commission opens its submission window).







**EMPLOYEE RESOURCE GROUPS (ERGs)**

With leadership and annual budgetary support, our employee-led **Employee Resource Groups** help maintain a positive and inclusive organizational culture. Examples include the Black Partnership Network (BPN) and WOW! (Winning with Outstanding Women) Network. Employees interested in starting an ERG are encouraged to request assistance through the ERG Resource Guide.

**Geoff Saccone, AST Transportation Manager,** recalls the impact that **Disability Employment Awareness Month** had on him. He recounted his wife suffering from regular grand mal seizures and noted that, “As an unseen disability, it’s easy to look at her and think everything is ok... She is truly an amazing person, but has to battle in the workplace... for her rights to get an extra bathroom break, or being told her tone is not as cheery...Again, I just want to thank you for putting this together.”

We celebrate all that makes us unique throughout the year to cultivate an open and accepting culture. Examples of events and informational boards we have include:

- ✓ Black Excellence Month
- ✓ Lunar New Year
- ✓ Women's History Month
- ✓ Asian American & Pacific Islander Heritage Month
- ✓ Military Appreciation Month
- ✓ Mental Health Awareness Month
- ✓ Pride Month
- ✓ Juneteenth Celebration
- ✓ Hispanic Heritage Month
- ✓ Diwali
- ✓ Disability Employment Awareness Month







# PLANET

We strive to create beneficial environmental impacts by minimizing food waste, enhancing energy efficiency, decreasing emissions and implementing sustainable practices throughout our operations.

- ✓ **REDUCING FOOD WASTE**
- ✓ **PRIVATE LABEL LAUNCH**
- ✓ **MANAGING OUR EMISSIONS**
- ✓ **OPERATIONAL SUSTAINABILITY**
- ✓ **SUPPLY CHAIN AND PURCHASING**



# Reducing Food Waste

Food waste remains a significant environmental and social challenge in the retail grocery industry.<sup>12</sup> Our opportunistic buying model is designed to support food waste reduction while providing exceptional value to our customers. Cultivating strong relationships with our suppliers and top brands, enables us to:

- ✓ Maintain high standards of quality and timely delivery
- ✓ Make quick purchasing decisions, which ensures we receive the “first call” when one of our suppliers has surplus inventory
- ✓ Secure large volumes of inventory
- ✓ Provide highly competitive prices
- ✓ Address suppliers' inventory and packaging challenges efficiently

## SPOTLIGHT

In 2024, we partnered with Dreyer’s to divert nearly 700,000 pounds of food from landfills. By purchasing 64,000 cases (350,000 pounds) of Butter Cookie Cones and 42,000 cases (336,000 pounds) of Helados Ice Cream, we prevented significant waste and provided quality products to our customers.

Our RFCs demonstrate enhanced efficiency in receiving, processing and transporting goods to minimize waste across the value chain. With real-time inventory visibility and multiple weekly deliveries, products move quickly from RFCs to store shelves. Our dedicated teams also manage unique product situations. For instance, relabeling and repackaging items require special attention to prevent wasteful disposal.

Close collaboration with IOs helps reduce food waste and provide affordable, nutritious offerings to our customers. Frequent investments in updated technologies assist IOs in optimizing product selection, including tools for streamlined inventory planning, monitoring sell-by dates and tracking waste trends. Effective markdown strategies are provided to IOs to minimize waste. With the autonomy to manage inventory for their stores, IOs play a crucial role in reducing expired items and food waste.

Waste from landfills is also diverted through food donations. Collectively, our RFCs donated an estimated 3.3 million pounds of groceries to food banks and charitable organizations in 2024, significantly surpassing the estimated 2 million donated in 2023.

762,378,059 LBS.  
of food waste avoidance.<sup>13</sup>

At our Operator Meeting, we partnered with Meetings & Incentives Worldwide, Inc. and Copia to donate 3,436 pounds of leftover food. This initiative provided 2,863 meals to The Stewpot, a nonprofit organization serving homeless and at-risk individuals in Dallas, TX, while avoiding 10,500 pounds of carbon dioxide equivalent emissions and saving 783,000 gallons of water. We continue to explore methods for tracking food donations with increased accuracy to quantify our collective efforts toward fighting hunger and minimizing the impacts of food waste.



2,863  
meals



3,436  
pounds  
of food



10.5K  
pounds  
of CO<sub>2</sub>eq



783K  
gallons of  
water

<sup>12</sup> <https://www.biocycle.net/2024-food-waste-index/>

<sup>13</sup> Such amount reported reflects the pounds of opportunistic food sold in 2024. While we acknowledge that some of our opportunistic product may not have ultimately gone to waste, as another retailer may have purchased it or the opportunistic product may have been donated for other use, we nevertheless believe that a substantial amount of such product was diverted from landfills as a result of our opportunistic purchasing. We believe this is a meaningful metric to report and monitor as we track our impact in this important area.



# Private Label Launch

Our private label program meaningfully improves the customer experience. It distinguishes us in the marketplace, bringing added value and excitement to our customers while allowing us greater control over our environmental impact. We are exploring ways to develop sustainable and socially responsible practices for our private label, and we're on a mission to establish robust, comprehensive sourcing standards whenever possible. This framework facilitates our products coming from suppliers who share our commitment to humane, ethical practices, all while delivering exceptional value that our customers appreciate.

**Simply** **GO**

**GO** **HOME & HAVEN**



We are in the early stages of collaborating with our suppliers on the following initiatives:

☑ **Packaging & Recyclability:**

Creating packaging focused on waste reduction and enhanced recyclability, including providing "How2Recycle" labels across our private label portfolio

☑ **Product Transparency:**

Developing ways to provide transparent information about ingredients and sourcing to help customers make informed choices

☑ **Animal Welfare:**

Engaging with industry experts to make a sourcing policy to support humane and ethical animal sourcing standards and monitoring progress

☑ **Sustainable Sourcing:**

Assessing opportunities to prioritize locally sourced ingredients where feasible to support regional economies and reduce transportation impacts

Through these efforts, we aim to develop our private label program in a way that delivers exceptional value while creating opportunities to advance our environmental and social commitments.



# Managing Our Emissions

At Grocery Outlet, we remain dedicated to minimizing our environmental footprint across critical areas, including energy consumption, food waste and carbon emissions.

## 2024 EMISSIONS PERFORMANCE OVERVIEW

Our 2024 Greenhouse Gas (GHG) emissions inventory shows a significantly larger footprint due to our UGO acquisition, which includes additional stores that are, in the short term, under our direct operational control, unlike the rest of our IO-operated stores. Over time, these stores will transition to IO-run stores. Given this notable change to our footprint, we are evaluating our options regarding an appropriate emissions baseline year per the GHG protocol.

Our GHG inventory covers:

- ☑ **Scope 1 emissions:** include refrigerant and natural gas use in our facilities, which include our offices, RFCs, company-operated stores (including our recently acquired UGO stores) and our fleet of distribution trucks
- ☑ **Scope 2 emissions:** stem from purchased electricity used at our facilities
- ☑ **Scope 3 emissions:** include upstream and downstream transportation, electricity at our IO stores, refrigerants and fuel use at our IO stores, business travel, employee commuting and capital goods

Our total cumulative Scope 1-3 absolute emissions increased by 30%<sup>14</sup>, primarily due to the acquisition of 40 company-run stores and a company-operated distribution center through our purchase of UGO.

Although excluded from our disclosed emissions totals, product inventory remains our largest estimated source of Scope 3 emissions and is believed to represent a large portion of our overall GHG footprint. These emissions are currently omitted due to limited operational influence over supplier activities and the lack of detailed, product-specific emissions data. As our supplier engagement efforts mature, we are looking to improve data availability, granularity and transparency related to these emissions. The second largest source of reported emissions is associated with our independently operated (IO) stores, which are categorized as Scope 3, Category 13 (Downstream Leased Assets) under the GHG Protocol. While our operational model differs from most retailers, our commitment to collaborating with IOs to reduce emissions remains just as strong.

Emissions from purchased goods and services declined relative to 2023 due to enhanced data quality and adjustments for more accurate emissions factors. Our improved methodology aligns general ledger categories with North American Industry Classification System (NAICS) emissions factors.

We measure GHG emissions against business activity using intensity metrics, which allows us to monitor efficiency as the company expands. When comparing 2021 to 2024, our data shows a 30% increase in absolute emissions alongside a ~40% rise in revenue, indicating a higher rate of growth compared to emissions. This suggests that operational enhancements and capital investments were effective.

## KEY TAKEAWAYS

- ☑ **Scope 1 and 2 emissions** represented approximately 9% of total emissions in 2024, which marks an increase compared to previous years, primarily due to the acquisition of UGO stores. We expect emission trends to stabilize in the coming years as UGO stores convert to IO-run stores.
- ☑ **Transportation emissions** rose due to higher shipment volumes and improved tracking accuracy in our Transportation Management System for outbound dry goods. Marine shipping may be used in our reduction strategy in the future.
- ☑ **IO operating emissions, business travel and commuting** increased due to our workforce growth and the expansion of our store network.



<sup>14</sup> Compared to 2021. This figure does not include our product inventory.

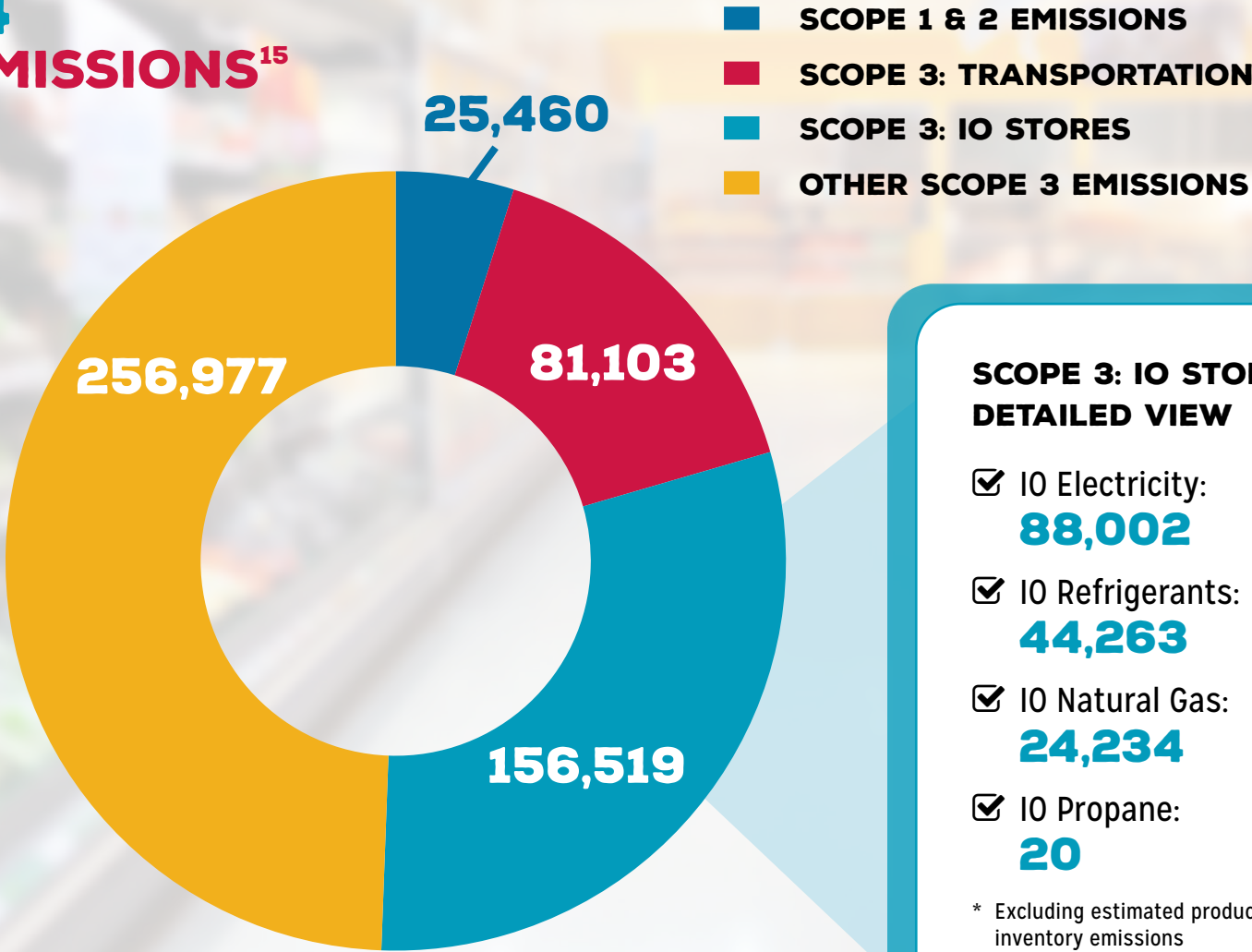


**EMISSIONS REDUCTION**

We are exploring several opportunities to reduce our emissions, including—but not limited to—refrigerant management, renewable energy procurement and efficient transportation and distribution. Integrated data management systems across GO, UGO and IOs will create efficiencies in data collection and further improve accuracy and the ability to monitor trends.

Our current initiatives include installing EV charging stations at our headquarters, upgrading forklifts in our RFCs to electric models in recent years and using electric yard tractors to move trailers between our docks. As part of a supply chain optimization initiative, we are working to consolidate and streamline store deliveries, thereby reducing our transportation emissions. We estimate that 84% of our stores are within 250 miles of an RFC. We are also progressively deploying data analytics tools to improve refrigerant management in our stores and reduce leak rates.

**2024  
GHG EMISSIONS<sup>15</sup>**



**SCOPE 3: IO STORES  
DETAILED VIEW**

- ☑ IO Electricity: **88,002**
- ☑ IO Refrigerants: **44,263**
- ☑ IO Natural Gas: **24,234**
- ☑ IO Propane: **20**

\* Excluding estimated product inventory emissions  
\* See [Appendix](#) for detailed GHG Inventory

<sup>15</sup> All emissions are in MT CO<sub>2</sub>e.



# Operational Sustainability

## ENERGY EFFICIENCY IN OUR STORES

We continue enhancing our sustainable operations by investing in natural refrigeration systems that align with California Air Resources Board regulations for low Global Warming Potential (GWP) refrigerants. By the end of 2024, we operated 19 CO<sub>2</sub>-based systems and five propane refrigeration systems, primarily in California, decreasing the environmental impact at 24 stores. By the end of 2025, we plan to input low GWP refrigeration technologies in 38 stores.<sup>16</sup>

From a compliance and maintenance perspective, these improvements directly benefit our IOs. We've also observed advantages in reduced maintenance and refrigerant costs. CO<sub>2</sub> and propane have a 20-year GWP of one or less, making them environmentally superior alternatives.

Research shows that energy consumption can be reduced by as much as 27% when compared to traditional systems, with one

site achieving 15% savings in comparison to alternative refrigerants. While these systems yield positive results in total operational costs and environmental impact, we continue to tackle equipment costs, refrigerant availability and leak management challenges. Additional efficiency-boosting technologies are being explored to optimize performance in warmer climates and the best methods for refrigeration, such as testing lower GWP EPA-compliant self-contained cases that deliver energy and cost savings alongside propane at a few locations to assess further rollout.

Industry partnerships and utility incentive programs, such as the Sacramento Municipal Utility District, North American Sustainable Refrigeration Council and the American Public Power Association, supported our transition to natural refrigerants. Through these collaborations, we secured funding to help offset implementation costs while demonstrating these systems' environmental and operational benefits. Fifteen stores are participating in the [EPA's GreenChill](#), committing to reducing company-wide refrigerant emissions, setting an annual emissions reduction goal and reporting corporate refrigerant stocks and emissions.

While we own and maintain refrigeration equipment, we partner with our IOs to ensure optimal operation through training and support. In new store buildouts and retrofits, we implement energy-saving features such as automatic door closure devices, anti-sweat heater control sensors and night curtains for refrigerators to increase energy efficiency. We collaborated with IOs to convert all stores to timed heating and lighting systems and LEDs.

## STORE FIGURES<sup>17</sup>

- ✓ **73% INCREASE** in the number of stores utilizing more efficient CO<sub>2</sub> refrigeration
- ✓ **100% OF STORES** use an Energy Management System (EMS) to gain control and visibility over energy use
- ✓ **100% OF STORES** have timed heating and lighting controls to lower energy consumption when unoccupied
- ✓ **63% OF 3<sup>RD</sup> PARTY CARRIER PARTNERS** are SmartWay certified



Our experience with it has been pretty positive. The [environmental] impact, total cost of operation, installation cost and startup cost for charging the full CO<sub>2</sub> system is definitely lower.

**- MEGAN RODRIGUEZ, SENIOR MANAGER, REFRIGERATION**

## PLASTIC BAG REDUCTION

Grocery Outlet purchases, warehouses and sells plastic bags to our IOs. As such, we are actively preparing to comply with a regulatory change that affects our purchasing and distribution processes. The upcoming [California Single-Use Carryout Bag Ban \(SB 270 & SB 1053\)](#) will take effect on January 1, 2026. To comply, we adjusted our procurement strategies and are monitoring changes, providing guidance and supporting IOs as needed. Financial preparations are also underway for the transition to alternative bags, as paper bags cost approximately four times more than plastic. Additionally, we are exploring options to expand our reusable bag options, including insulated bags and other durable alternatives, while supporting industry-wide paper bag availability to meet demand.

<sup>16</sup> These figures do not cover UGO stores, which primarily use an efficient refrigerant management system by Fexa called Trakref.  
<sup>17</sup> Excludes UGO stores.



# Supply Chain and Purchasing

We made several strategic investments in our supply chain as part of our ongoing commitment to sustainability and operational efficiency. These initiatives include planning for the opening of the new RFC in the Pacific Northwest and equipment upgrades to reduce our environmental impact.



RFC Award Winners: Clemencia Calvo won the 2024 RFC Jim Read Award and the Warehouse 95 Management Team won the 2024 Achievement Award

## REGIONAL FULFILLMENT CENTERS

The Burnt Creek, WA RFC, which was leased in 2024 and became fully operational in 2025, consolidates multiple ambient warehousing facilities into a single, modern location. This site is expected to enhance product speed and operational efficiency by streamlining fulfillment operations for product categories such as Grocery, General Merchandise and Health & Beauty Care. We anticipate reductions in transportation time, operational costs and emissions by consolidating all or part of five previous facilities. Additionally, the site features advanced equipment upgrades, including electric power jacks and forklifts, to further improve energy efficiency and reduce the environmental impact of our distribution operations.

## MULTI-TEMPERATURE TRUCKS

We are investing in multi-temperature distribution trucks, which are expected to ultimately reduce required transportation miles by allowing the consolidation of goods with varying temperature requirements into a single shipment. We piloted this program with our East Coast stores and plan to evaluate and expand these efforts in the near term.

## PALLET UPGRADES

Our transition from wood to durable recycled plastic pallets increased each pallet's usage from 5-6 to approximately 42 times. In addition to reducing costs with the recycled plastic CHEP® pallets<sup>18</sup>, we removed 6,737,658 pounds of transportation weight, reduced our wood usage by 116,730 board feet and reduced our waste by 664,276 pounds. These efforts earned us CHEP®'s Excellence in Sustainability Environmental Certificate.

Savings from July 2023 to June 2024

## EXCELLENCE IN SUSTAINABILITY ENVIRONMENTAL CERTIFICATE

By using CHEP® share-and-reuse services, we hereby certify Grocery Outlet's contribution to protecting the environmental and promoting a sustainable logistics model.



A Brambles Company



The annual meeting was capped with McCormick earning our Supplier of the Year Award

## SUPPLIER MEETING

We continue to deepen existing and develop new supplier relationships to ensure that we are the preferred partner and the first call for opportunistic inventor. Our annual meeting with suppliers in San Diego was an exciting event, filled with opportunities for networking and education. Over 170 participants (suppliers and Grocery Outlet employees) attended the four-day event. Suppliers gained a deeper understanding of Grocery Outlet's IO model and strategies for growth. They also had the opportunity to interact with IOs during tours of local stores. The highlight was presenting the Supplier of the Year Award to McCormick.

18 Estimates provided by CHEP® spanning July 2023 - June 2024.





# GOVERNANCE

At Grocery Outlet, we are committed to our core values that underpin our governance framework. These values shape our corporate structure, guide our Board of Directors and inform our ESG strategies while enhancing our interactions with stakeholders. The diverse backgrounds and experiences within our Board exemplify our dedication to embracing varied perspectives and fostering effective leadership, which is crucial for meaningful stakeholder engagement.

- ✓ **ESG MANAGEMENT**
- ✓ **RISK MANAGEMENT**
- ✓ **OUR STAKEHOLDERS**



# ESG Management

## MANAGEMENT & BOARD-LEVEL OVERSIGHT

- ✓ Our full Board oversees general risk management, including strategic, operational, financial and legal risks, while jointly leading crisis and disaster recovery efforts with management. The Board reviews and approves the annual business plan, long-term strategy and capital allocation, including acquisitions, financing and share repurchase programs. Our independent members of the Board oversees CEO succession planning, performance reviews and target compensation.
- ✓ The Audit and Risk Committee oversees enterprise risk management (ERM), reviews key findings and evaluates strategies to mitigate financial, cybersecurity and regulatory risks. The Committee regularly reviews reports from legal, regulatory and compliance functions, including the ethics hotline, and provides oversight of the internal audit and external audit functions.
- ✓ The Compensation Committee annually reviews compensation programs to ensure alignment with risk management. It oversees human capital strategies, talent development and inclusion, and addresses human capital risks identified in the ERM process.
- ✓ The Nominating and Corporate Governance Committee oversees corporate responsibility, sustainability and ESG issues, regularly receiving reports on these topics and our public ESG reporting.
- ✓ Our ESG Steering Committee, which includes senior management, reviews and discusses ESG initiatives, goals and progress. The Committee is crucial in implementing our ESG strategy, addressing climate-related risks and collaborating with external advisors. The Committee provides regular updates to the Board.



## PERSPECTIVES ON OUR BOARD

Our Board of Directors is comprised of leaders with varied backgrounds, experiences and expertise. The Nominating and Corporate Governance Committee oversees the Board's composition, ensuring it maintains a balanced mix of diverse experiences, qualifications and skills critical for effective governance in alignment with Grocery Outlet's business and structure. This process has led to periodic Board refreshment since our IPO in June 2019. For further details regarding the skills and qualifications of our Board members, please consult our [Proxy Statement for the 2025 Annual Meeting of Stockholders](#).

## NOTABLE STATISTICS<sup>19</sup>

**8 OF 10**

independent directors

**1 OF 3**

Board Committees are chaired by a woman

**3 FEMALE**

directors

**1 ETHNICALLY DIVERSE**

director

**8-YEAR**

median director tenure

<sup>19</sup> The information above reflects statistics as of the date of [Grocery Outlet's 2025 Proxy Statement](#).



# Risk Management

Our approach to assessing, identifying and managing risks related to data security, privacy and cybersecurity is an integral part of our enterprise risk management process.

This process considers risks across strategic, operational, compliance and financial dimensions within the organization. Annually, the internal audit team carries out the ERM process by gathering input from senior management, functional leaders and selected Board members. Risks are classified into low, medium and high categories based on a mix of quantitative and qualitative assessments of their potential impact on the Company's operations, current goals and long-term strategies. Each high risk is assigned to a senior

management member for mitigation and oversight by the Board or a Board Committee. The risk owner is responsible for creating a risk mitigation plan, which is monitored until completion. Low and medium risks undergo varying degrees of internal monitoring. The annual risk assessment is reviewed by the Audit and Risk Committee and the Board. Additionally, our ERM process integrates ESG-related risk management, ensuring these critical areas are evaluated alongside other significant business risks.

## CLIMATE RISK

The ERM protocol identifies significant risks that may substantially impact our business both financially and strategically. Material risks have a high probability of affecting Grocery Outlet's operations and financial results. One factor we evaluate under such risks is climate change, which is detailed in the Risk Factors section of our [Annual Report](#).

In 2023, we initiated an assessment of our climate-related risks and undertook our first climate-related scenario analysis exercise for our corporate and retail facilities to align with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. The assessment evaluated acute physical risks, such as drought and

tornadoes and chronic physical risks, including temperature variability, sea level rise and coastal flooding. We also examined transition risks, including regulatory, market and technology changes. Through this assessment, we identified the primary physical and transition risks most relevant to our operations, their potential impacts on us, the likelihood of their occurrence, and the main drivers behind each.

We are building on this assessment and further forecasting potential climate-related financial implications in preparation for compliance with California's SB 261 and SB 253 disclosures. Per SB 261, the complete disclosure, including financial implications, will be published by January 1, 2026.

	PHYSICAL RISKS	TRANSITION RISKS
TIMEFRAME	2030, 2050 (Medium, Long)	2024-2030 (Short, Medium)
RISK TYPES SCREENED	<b>Acute:</b> Drought; Tornado <b>Chronic:</b> Temperature Variability, Sea Level Rise & Coastal Flooding	<b>Regulatory:</b> Disclosure & compliance <b>Market:</b> Value chain <b>Technology:</b> Transitioning to low carbon technology
SCENARIOS <sup>20</sup>	<b>High Degree Scenarios</b>	<b>Low Degree Scenarios</b>
	IPCC Representative Concentration Pathway (RCP) 8.5 Shared Socioeconomic Pathways (SSP) Climate Scenarios 3 & 5	IEA World Energy Outlook (Sustainable Development Scenario (SDS), Net Zero Emissions (NZE) Scenarios)

20 [Sixth Assessment Report – IPCC](#).



## ETHICS & COMPLIANCE

Our comprehensive [Code of Business Conduct and Ethics](#) applies to all Grocery Outlet employees, executive officers and Board members, providing guidance on legal and ethical matters, including anti-bribery, equal opportunity and conflicts of interest.

Our suppliers must also comply with regulatory standards, and all purchased products must adhere to applicable laws. This reinforces our ongoing commitment to ethical business practices and regulatory integrity throughout the supply chain.

## CYBERSECURITY & DATA PRIVACY

Cybersecurity and data privacy continue to be top priorities at Grocery Outlet. We regularly communicate with employees, provide mandatory training programs and review our incident response and breach notification procedures. We also collaborate with third-party experts for testing, assessments and improvements. Our CIO provides updates to the Audit and Risk Committee to ensure strong oversight of cybersecurity matters. Our controls are aligned with best practice standards, such as those from the National Institute of Standards and Technology (NIST), and our cybersecurity maturity is regularly assessed.

Key actions to further strengthen our cybersecurity posture include:

- ✓ **Vendor Collaboration & Risk Mitigation:** We engage with vendors to raise awareness of cybersecurity threats and assess their readiness, ensuring security extends across the supply chain.
- ✓ **Technology Upgrades:** We modernize infrastructure, including wireless networks and point-of-sale systems.

Additional details on our cybersecurity practices can be found in our [Annual Report](#).





# Our Stakeholders

## GROUP

### IOS

## ENGAGEMENT STRATEGY

Regularly engaged through relationships with sales and merchandising directors, internal communications (intranet, emails), conferences, regular regional gatherings and other touchpoints. IOs provide feedback via quarterly and ad hoc surveys.

### CUSTOMERS

IOs interact with customers and communities through events, promotions, local marketing and direct outreach. Customer insights are gathered monthly through feedback surveys.

### EMPLOYEES

Employees have several opportunities to connect, such as open-door policy for feedback, an annual employee engagement survey, regular All Hands meetings for updates, and monthly CEO Roundtables with smaller employee groups.

### SUPPLIERS

The purchasing team fosters strong supplier connections through regular input, an annual supplier conference and one-on-one engagement to align on opportunities and needs.

### INVESTORS

Throughout the year, the investor relations team and business leaders engage with investors for input, perspective-sharing and deeper understanding of business strategy. In early fiscal year 2024, major investors were contacted, representing a majority of shares, particularly on ESG topics. Quarterly earnings calls provide timely updates.

## MATERIALITY ASSESSMENT

Our most recent Materiality Assessment, conducted in 2022, incorporated industry benchmarking and discussions with stakeholders to evaluate the relevance of key ESG topics identified, along with their risks, impacts and opportunities for Grocery Outlet. Although we engaged our shareholders in early 2024 around topics such as climate risk, EEO-1 disclosure and executive compensation structure, we plan to conduct a more comprehensive materiality assessment within the next two years.

### CRITICAL ESG TOPICS

- ☑ Responsible support of IOs
- ☑ Commitment to food waste avoidance
- ☑ Affordable food access

### PRIORITY ESG TOPICS

- ☑ Employee experience, safety and retention
- ☑ Energy efficiency
- ☑ Workplace Where Everyone Can Thrive



## OUR JOURNEY CONTINUES

# Our Journey Continues

As we embark on a new chapter, we remain committed to delivering exceptional value to our customers and reinforcing the foundation of our business. Over the years, we built initiatives that promote affordable food access, reduce waste and encourage entrepreneurship. Looking ahead, we will amplify our impact by improving supply chain coordination, embracing new technologies and accelerating brand loyalty. Our investments in people, systems and operational efficiencies will enhance in-store and behind-the-scenes experiences. By fostering employee development, collaborating with our IOs and adapting to a dynamic environment, we aim to create lasting change. Together, we will continue to build a brighter, more sustainable future, living our mission of *Touching Lives for the Better*.







# APPENDIX

- ✓ **SASB INDEX**
- ✓ **GREENHOUSE GAS INVENTORY  
(2021, 2023, 2024)**
- ✓ **TCFD INDEX**
- ✓ **UN SDGS**



SASB INDEX

The Sustainability Accounting Standards Board (SASB) table below provides an overview of our performance against key ESG metrics for the Food Retail & Distributors industry. The information shared covers our 2024 fiscal year from December 31, 2023 to December 28, 2024. While we’re unable to report on all activity metrics within the SASB framework, we recognize its significance and anticipate utilizing it as a valuable roadmap for data collection and ESG goals in the future. By aligning with the SASB framework, we aim to enhance our transparency, improve sustainability practices and effectively meet the evolving expectations of our stakeholders and investors.

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Fleet Fuel Management	(1) Fleet fuel consumed, (2) percentage renewable	Gigajoules (GJ), Percentage (%)	FB-FR-110a.1	(1) Fleet Fuel Consumed 53,728 GJ (2) Renewable: 0%
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	Metric tons (t) CO <sub>2</sub> e	FB-FR-110b.1	10,470 MT CO <sub>2</sub> e
	Percentage of refrigerants consumed with zero ozone-depleting potential	Percentage (%) by weight	FB-FR-110b.2	9.20%
	Average refrigerant emissions rate	Percentage (%)	FB-FR-110b.3	8.02%
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	FB-FR-130a.1	(1) Operational Energy: 89,936 GJ (2) Percentage Grid: 100% (3) Percentage Renewable: 0%
Food Waste Management	(1) Amount of food waste generated, (2) percentage diverted from the waste stream	Metric tons (t), Percentage (%)	FB-FR-150a.1	(1) At this time, Grocery Outlet does not collect this information. (2) See <a href="#">Reducing Food Waste</a> section of this report for Grocery Outlet’s estimations for food waste avoidance in 2024



SASB

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	FB-FR-230a.1	If public disclosure criteria are met, required information about data breaches would be included in Grocery Outlet’s filings with the U.S. Securities and Exchange Commission. No such incidents were included in any of Grocery Outlet’s filings.
	Description of approach to identifying and addressing data security risks	N/A	FB-FR-230a.2	Grocery Outlet’s approach to data security includes Board-level oversight of cybersecurity risks and data security, third-party audited IT systems and regular employee training on data security. See also the <a href="#">Cybersecurity and Privacy</a> section of this report. Grocery Outlet included additional information in its most recent <a href="#">Annual Report</a> regarding its risk management and strategy with respect to cybersecurity threats, along with Board oversight and management’s role in assessing and managing material cybersecurity threats.
Food Safety	High-risk food safety violation rate	Rate	FB-FR-250a.1	At this time Grocery Outlet does not collect this information.
	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private label products	Number, Percentage (%)	FB-FR-250a.2	(1) Total Recalls: 29 (2) Number of Units: At this time, Grocery Outlet does not collect this information. (3) Private Label: 0
Product Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes	N/A	FB-FR-260a.1	In 2024, 46.3% of our net sales was attributable to perishable/fresh items and other NOSH offerings. <sup>1</sup>
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	N/A	FB-FR-260a.2	Grocery Outlet does not publicly disclose this information at this time.

<sup>1</sup> NOSH products are designated by Grocery Outlet’s employees in the purchasing department, in their discretion. A small percentage of NOSH products in the “specialty” category may not be considered to promote health and nutrition attributes.



SASB

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Product Labeling & Marketing	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing code	Number	FB-FR-270a.1	Grocery Outlet does not publicly disclose this information at this time.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Reporting currency	FB-FR-270a.2	Grocery Outlet does not publicly disclose this information at this time.
	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Reporting currency	FB-FR-270a.3	At this time Grocery Outlet does not collect this information.
Labor Practices	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	Reporting currency, Percentage (%)	FB-FR-310a.1	(1) Average Hourly Wage: \$17.93 (2) Percentage Minimum Wage: 2.6%
	Percentage of active workforce covered Under collective bargaining agreements	Percentage (%)	FB-FR-310a.2	Grocery Outlet does not publicly disclose this information at this time.
	(1) Number of work stoppages and (2) total days idle	Number of days idle	FB-FR-310a.3	Grocery Outlet does not publicly disclose this information at this time.
	Total amount of monetary losses as a result of legal proceedings associated with (1) labor law violations and (2) employment discrimination	Reporting currency	FB-FR-310a.4	Grocery Outlet does not publicly disclose this information at this time.



SASB

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standard	Reporting currency	FB-FR-430a.1	At this time Grocery Outlet does not collect this information.
	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	Reporting currency	FB-FR-430a.2	Eggs: The majority of our stores sell only cage-free eggs. Pork: At this time Grocery Outlet does not collect this information.
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Percentage (%) by revenue	FB-FR-430a.3	See the <b>Animal Welfare</b> section of this report.
	Discussion of strategies to reduce the environmental impact of packaging	N/A	FB-FR-430a.4	See the <b>Private Label</b> section of this report.

ACTIVITY METRIC	UNIT OF MEASURE	CODE	RESPONSE	ACTIVITY METRIC	UNIT OF MEASURE	CODE	RESPONSE
Number of (1) retail locations and (2) distribution centers	Number	FB-FR-000.A	(1) 533 retail locations (2) 4 distribution centers/ RFCs that Grocery Outlet operates	Number of vehicles in commercial fleet	Number	FB-FR-000.C	65
				Ton miles traveled	Ton Miles	FB-FR-000.D	33,890,824 ton-miles
Total area of (1) retail space and (2) distribution centers	Square meters (m²)	FB-FR-000.B	(1) Retail space from 41 stores (as of end of 2024) = 73,818 m² (2) Operated distribution center (RFC) space = 86,205 m² Offices = 6,047 m² 10 stores = 961,088 m²				



GREENHOUSE GAS INVENTORY<sup>2</sup>

The emission figures for 2024 include emissions from the operations of UGO, which was acquired by Grocery Outlet earlier in the year. In the coming years, as our operational footprint evolves and reporting standards continue to advance, prior-year emissions data may be revised to maintain consistency and alignment with updated methodologies. For example, revisions may be informed by updated emission factors released by the International Intergovernmental Panel on Climate Change (IPCC) or other relevant guidance.

<sup>2</sup> Excludes emissions from product inventory, which are estimated to be a substantial majority of Grocery Outlet’s GHG footprint Emissions from Purchased Goods and Services, including product inventory, were estimated for internal use.

2024, 2023, 2021 – GREENHOUSE GAS INVENTORY  
(Metric tons of CO<sub>2</sub>e)

	2024	2023	2021
SCOPE 1	16,954	5,257	4,599
Mobile Combustion	5,075	4,114	3,002
Stationary Combustion	1,409	454	434
Refrigerants	10,470	690	1,163
SCOPE 2	8,506	1,642	2,000
Electricity (location-based)	8,506	1,642	2,000
SCOPE 3	273,838	251,323	215,450
Purchased Goods & Services	26,883	22,761	20,671
Capital Goods	881	3,713	3,305
FERA (Transmission & Distribution Loss from electricity in Scope 2)	367	79	97
Upstream Transportation & Distribution	81,103	76,721	64,610
Waste	2,359	514	384
Business Travel	2,681	1,625	1,418
Employee Commute (and remote work)	3,045	1,562	1,079
Downstream Leased Assets (IO Store Operations)	156,519	144,348	123,886
TOTAL MT CO <sub>2</sub> E	299,278	258,222	222,049

Standards of measurement and methods of calculating sustainability and other data included in this report are evolving. Figures reported, other than audited financial data, are based on our calculations and good faith estimates, which include some assumptions and have not been externally assured. We believe that the estimates employed are appropriate and reasonable; however, due to inherent uncertainties in making estimates and assumptions, and as internal controls and processes continue to evolve, actual results could differ materially from original estimates.



TCFD INDEX


In accordance with California’s SB 261, we will issue a detailed disclosure on our website on or before January 1, 2026.

TCFD RECOMMENDED DISCLOSURE	DISCLOSURE LOCATION
GOVERNANCE	
a) Describe the board's oversight of climate-related risks and opportunities	Management & Board-Level Oversight section of this report 2025 Proxy Statement: Committees of the Board, p.31-33
b) Describe management's role in assessing and managing climate-related risks and opportunities	Management & Board-Level Oversight section of this report
STRATEGY	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term	Risk Management section of this report
b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	Risk Management section of this report
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Risk Management section of this report
RISK MANAGEMENT	
a) Describe the organization's processes for identifying and assessing climate-related risks	Risk Management section of this report; 2024 Annual Report Risk Factors p. 13-35
b) Describe the organization's processes for managing climate-related risks	Risk Management section of this report; 2024 Annual Report Risk Factors p. 13-35
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Risk Management section of this report; 2024 Annual Report Risk Factors p. 13-35
METRICS AND TARGETS	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2024 GHG Inventory section of this report
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	2024 GHG Inventory section of this report
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	We continue to monitor the evolving regulatory landscape and assess the feasibility of setting climate-related targets.



UN SDGS

Our commitment to sustainable business practices and positive social impact aligns with five UN Sustainable Development Goals (UN SDGs):

	UN SDGS	OUR ACCOMPLISHMENTS
	<b>2</b> <b>Zero Hunger</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	By offering substantial discounts and ensuring access to nutritious food, along with our Independence from Hunger campaign and collaborations with local food banks, we play an active role in reducing food insecurity.
	<b>8</b> <b>Decent Work And Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	We create opportunities for IOs to run their own stores. This entrepreneurial model fosters local business ownership and job creation, enhancing economic stability in communities.
	<b>10</b> <b>Reduced Inequalities</b> Reduce inequality within and among countries.	We aim to reduce economic disparities by making quality food accessible to all. Customers generally save 40% compared to traditional grocers and 20% compared to other discount retailers. In 2024, we expanded our private label Simply GO, offering high-quality products at more affordable prices. Our selection of NOSH products increases access to healthier options regardless of budget constraints.
	<b>12</b> <b>Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns.	Through food rescue partnerships, RFC donation programs, the introduction of compostable produce bags and the transition from wood to recycled plastic pallets, we support sustainable consumption and help prevent food waste.
	<b>13</b> <b>Climate Action</b> Take urgent action to combat climate change and its impacts.	We strive to reduce our carbon footprint and increase energy efficiency with timed lighting and heating systems and lower-GWP refrigerants. In 2024, we expanded our CO <sub>2</sub> refrigeration systems and GreenChill certifications, consolidated RFCs to cut transportation emissions and installed EV charging stations at headquarters.



