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PICK N PAY SUSTAINABLE LIVING REPORT 2021

SUSTAINABLE LIVING REPORT 2021

Pick n Pay



Pick n Pay and Boxer partnered with the Feed the Nation Foundation to distribute food hampers to child-headed families across South Africa.

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Pick n Pay worked with Feed the Nation Foundation to deliver food hampers at Inchanga Primary School, KwaZulu-Natal.


About this report


The Pick n Pay Sustainable Living Report (SLR) 2021 provides a view of how our business is responding to social and environmental challenges. The report focuses on our activities during the past financial year, which ended 28 February 2021.

This report is interactive. Navigation tools are at the top right of each page and throughout the report:

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The internet is required to access additional information on the web.

ABOUT US

Our enduring values

Pick n Pay is a much-loved brand, valued within society, built on a genuine desire to make life better for our customers and to make a positive contribution to the communities in which we live and work. Our strong and unique family values have guided the business for 54 years, providing a solid foundation for growth, innovation, service excellence and generosity.

We are passionate about our customers and will fight for their rights

We live by honesty and integrity

We foster personal growth and opportunity

We take individual responsibility

We care for and respect each other

We support and participate in our communities

We nurture leadership and vision, and reward innovation

We are all accountable

Consumer champion Raymond Ackerman purchased the first four Pick n Pay stores in Cape Town, South Africa, in 1967. Since then, the Group has grown to encompass stores across South Africa, Namibia, Botswana, Zambia, eSwatini and Lesotho. Pick n Pay also owns a 49% share of Zimbabwean supermarket chain, TM Supermarkets.

Pick n Pay is a retail business in the fast-moving consumer goods industry. We operate through multiple store formats under three brands – Pick n Pay, Boxer and TM Supermarkets.

We procure quality products at the best available prices, and our lean and efficient operating model is supported by a strong and talented team. This enables us to provide our customers with a tailored range of high-quality food, grocery and general merchandise products at competitive prices.

At Pick n Pay, we believe doing good is good business. The Group has successfully pursued a clear and customer-led turnaround strategy over the past eight years – with greater efficiency and investment in an improved customer offer driving sustainable value growth for all stakeholders.

For further information on our business model, refer to our Integrated Annual Report available online.

Key facts

R93.1 billion
Turnover

1 994 stores
Doubled over eight years

90 000 employees
Created 15 000 jobs over eight years

Founding member of the **South African Plastics Pact**

400 000 jobs sustained through the reach of our supply chain

Founding member of the Consumer Goods Council **Voluntary Food Waste Agreement**

R41.3m expenditure on corporate social investment

Listed on the **FTSE/JSE** Responsible Investment Index

First South African retailer to sign up to the **10x20x30 Food Waste Initiative**

First retailer in Africa to make **Sustainable Seafood Commitments**

R51.57m invested in training in FY21, including bursaries

95% of our seafood by sales meets our sustainable seafood commitment

Water used reduced by **11%** year-on-year

7 773 MWh Renewable Energy generated

Founding member of the **Sustainable Retailer Forum**

Enterprise and Supplier Development spend of **R15.5m**

“ We recognise the need to minimise our impact on the environment, while being a force for good in communities. Beyond this, we must be held accountable through accurate, transparent and balanced reporting. Enhancing our ESG disclosures is the next critical stage of our sustainability journey and we commit to continuously improving our ESG reporting in the years ahead, against relevant and credible international frameworks. ”

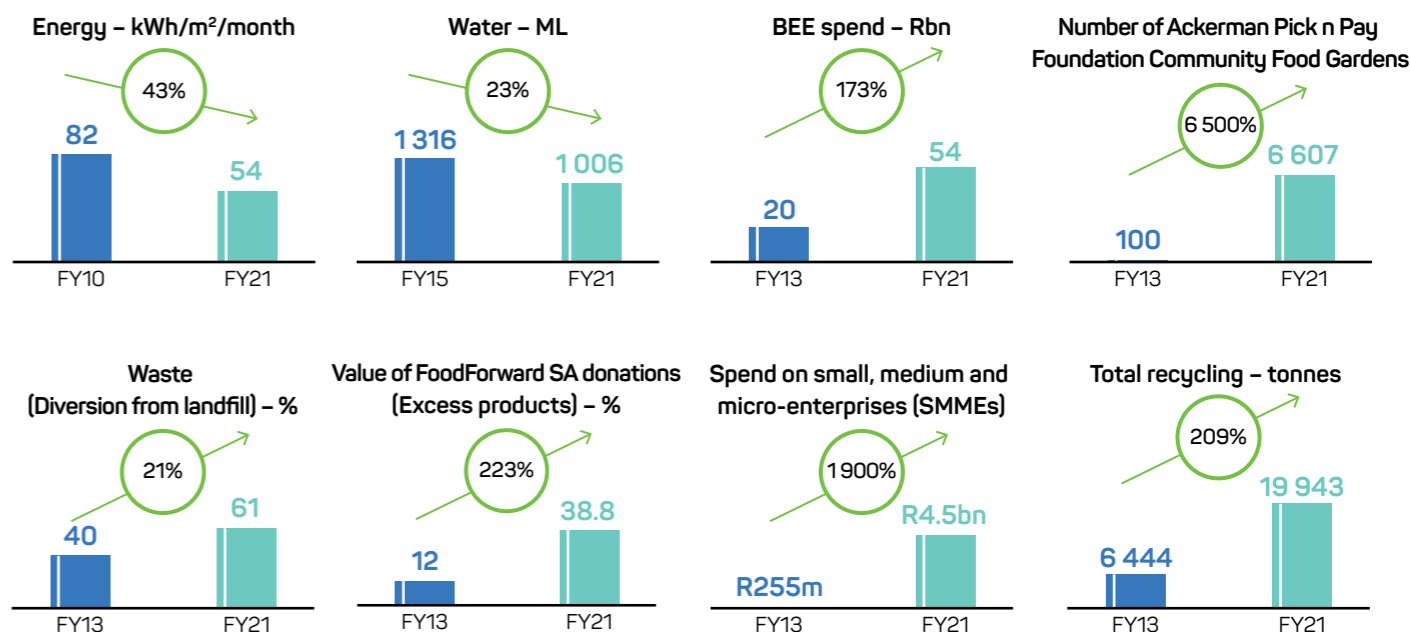
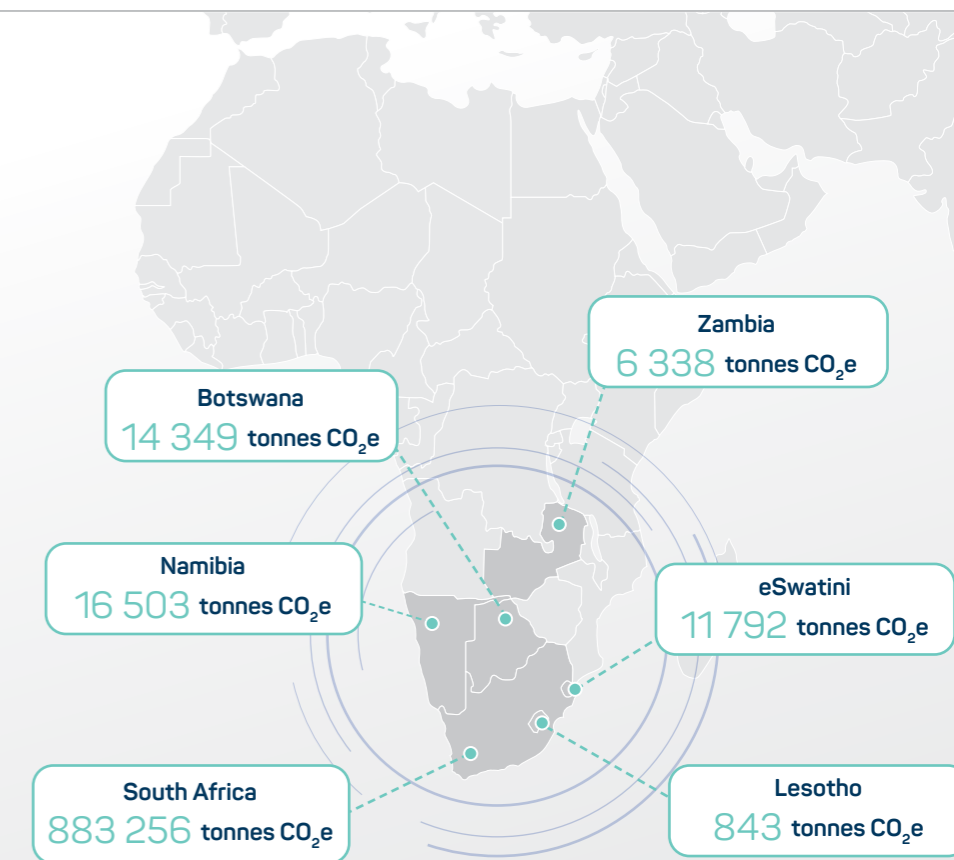
Gareth Ackerman, Chair

Carbon footprint

Close to **2 000 stores** across all formats

6 countries including our franchise and Boxer stores

Climate change poses a considerable challenge to developing a sustainable food system and we are working to reduce our impact and mitigate the carbon emissions produced by our operations and in our value chain.



A MESSAGE FROM OUR CHAIR



“ A strong focus on ESG does not require a trade-off against core business priorities. Clear action plans on environmental and social priorities strengthen the operational resilience of the business and – by reducing cost – has also strengthened our competitiveness. ”

Gareth Ackerman

This has been an extraordinary, unprecedented year, which fell almost entirely within the Covid-19 State of Disaster. It has called upon us to adapt to a new way of working, a demanding and increasingly digitised reality, and to marshal all our energies through Feed the Nation to keep South Africans from going hungry.

Our role in society has never been more important than during the past year. Our teams have shown true grit, keeping customers and staff safe, contributing to communities throughout the country and delivering good earnings – down just 6.1% on a comparable basis. It has been an extraordinary effort.

The pandemic has also accelerated awareness of ESG – environmental, social and governance issues. Net inflows to global and local ESG funds have surged, in some regions doubling in the space of year. There is no longer doubt in stakeholders’ minds that ESG matters to long-term sustainability. Investors across the world are asking companies to account for their values and impacts going forward. I am encouraged by the way companies are responding, adopting more practical approaches and seeking ways to scale positive social and environmental impact by linking outcomes more directly to the core business.

Given that Pick n Pay’s efforts to embed ESG issues date from the 1970s, heightened ESG expectations are a very positive development. Our business turnaround plan entered its third phase this year: a transition to sustainable, long-term growth. It marks a significant milestone in the integration of ESG factors in our strategic and operational decision-making. One of our six engines for long-term strategic growth defines our sustainability ambition: To be a force for good. We are committed to wasting less and sharing more; to helping our people make a positive difference; and given our scale and influence, we believe our partnerships can help to shift the food system towards greater inclusion and resilience in our key geographies.

Delivering on these big goals depends on the passion and collective effort of thousands of individuals and teams across the Group. We are very strong on talent management and skills development, promoting from within, as well as seeking the best talent available globally when necessary.

The details of our ESG achievements are presented in this report, but I would like to highlight just a few:

Partnering to shift the food system

Pick n Pay procures just over 95% of its food and groceries locally – a fact which is a source of great pride. Our Enterprise and Supplier Development (ESD) initiatives are steadily increasing contributions from small-scale entrepreneurs, with our spend on SMMEs up by 14% to R5.4 billion. We have 2 178 SMMEs in our supplier base, more than half of whom are black-owned, and black women-owned suppliers make up more than half of these. Despite the impact of Covid-19, the financial performance of SMMEs provided with support in the last financial year grew steadily by 13%.

By the end of 2021, all palm oil, palm kernel oil or palm oil derivatives used in Pick n Pay will be sourced only from suppliers who are using sustainable palm oil. We are working with our suppliers to ensure that they all become certified members of the Roundtable on Sustainable Palm Oil (RSPO) by the end of 2022. Twenty of our biggest suppliers joined us on the international 10x20x30 Food Waste Initiative.

In a year that saw unemployment and poverty rise sharply, the Feed the Nation Foundation raised R136 million in hunger relief efforts, enabling the distribution of more than 28 million meals to vulnerable families across South Africa. This was achieved through a phenomenal collective effort from our employees, customers, suppliers, other corporates, welfare organisations and foundations both locally and internationally.

Using less, sharing more

Since 2010 we have had an active energy management programme, saving over R2 billion in electricity costs over the past decade. Ten years on, we are using 10% less energy with 76% more stores and a 38% increase in gross lettable area. We have also reduced our energy intensity by over a third over the same period. We are now using about half of the energy per square metre we were using in 2008. We have also increased the amount of renewable energy we generate.

We have reduced our carbon emissions per square metre by 6.45% against our 2013 baseline. In 2019, we switched to full natural refrigerants using CO₂ on freezers as well as chillers. Nearly 10% of our estate now has these systems, while over a third of our estate now uses a version of natural refrigerants. We have also reduced our water usage by just over 11% year-on-year in our corporate stores, while nationally – including our distribution centres – the reduction is just under 10%. In the Western Cape, we achieved a reduction of 20%.

Waste and food waste are a strong focus for us given that food security is an issue of grave concern in South Africa. This year, we diverted more than 60% of all waste from landfills and donated R39 million of excess food to FoodForward SA.

Lifecycle thinking has been key to our efforts on packaging waste. The collective impact has been enormously encouraging. By way of example, revised bottled water and fresh juice packaging is reducing plastic usage by 38 tonnes annually. We sold more than 1.6 million re-usable bags. By 2023, all our branded products will feature a revised on-pack recycling label to help customers understand how best to recycle their packaging.

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Governance

Pick n Pay continues to be run at the highest level of corporate governance. Pick n Pay’s ESG commitments are disclosed publicly, through the Consumer Goods Forum among others, binding us to more sustainable ways of operating. Our developing ESG data management system is enhancing our ability to meet the evolving disclosure expectations of our stakeholders.

Our policy has been to be within the guidelines of King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)* where we have complied or explained why we are unable to. We have retained our listing on the FTSE/JSE Responsible Investment Index Series. We support and uphold the Ten Principles of the United Nations Global Compact and we align our sustainability work with the United Nations Sustainable Development Goals (SDGs). Our efforts contribute directly to seven of the global goals, as reflected on our strategic framework, and work is currently underway to assess our indirect contribution to additional global goals.

There is no doubt that governance and compliance have become very complex, and burgeoning reporting standards demand significant time and effort from listed companies. While we comply fully with all listing requirements, the complexity and sheer weight of detail are a constant challenge for our reporting teams. We have been encouraged by the global movement towards harmonisation of sustainability accounting and reporting standards. While we are probably several years from resolution, it is a positive and timely development.

A change in our Board

At the end of the year, we said farewell and thank you to Richard Brasher as our CEO. In Richard’s remarkable eight-year tenure, he has helped us change the trajectory and put us on the path to sustainable long-term growth. Our thanks to Richard, and our very best wishes to him and his family for the future.

We were delighted to welcome our new CEO, Pieter Boone. We look forward to supporting him in bringing to greater expression our commitment to be a force for good. This coming year – and those ahead – will be no less challenging for all of us. I have every confidence that we will continue to live our values to their fullest, serving our customers with passion, commitment and dedication.

We are deeply saddened that over the Covid-19 pandemic over 50 members of the Pick n Pay team have passed away. Our thoughts and condolences are with their families and friends. Their contribution will always be remembered.

Gareth Ackerman
Chair

MESSAGE FROM THE TRANSFORMATION DIRECTOR



Our partnerships quickly grew and our Pick n Pay and Boxer staff worked alongside amazing organisations to pack and distribute food hampers to some of the most remote and rural parts of South Africa. This past year taught us to give love and of our time to one another. We have also learned to give more understanding to the issues concerning our society, and I encourage us all to never forget the art of giving.

It is hard to believe that a little over a year ago, our lives were about to be affected so dramatically. None of us could have imagined what lay ahead – being plunged headlong into global pandemic wasn't something any of us could have envisioned.

Tragically, many lost loved ones, some are still fighting for their lives. Countless South Africans lost their jobs, businesses closed, and social distancing and the compulsory wearing of face masks became as commonplace as a walk in a park may once have been.

Our economy suffered devastating blows as industry after industry was affected by the pandemic, and it became a daily reality for hundreds of thousands of South Africans to no longer be able to feed their families.

School closures meant that many schoolchildren who were dependent on school feeding schemes for their main – sometimes only – meal of the day, were left without food. Shelters for the homeless, frail-care facilities and orphanages, all of which depend on public generosity, were suddenly without aid.

Soon after the crisis began, it became clear to us that we needed to urgently create a support system for the country's most vulnerable, those who were completely dependent on meal donations for survival and had nothing else to fall back on.

On 8 April 2020 Pick n Pay launched what was then known as the Feed the Nation campaign to provide food and basic hygiene essentials to the most vulnerable during the lockdown period.

In the past year we have formed invaluable partnerships with Pick n Pay customers, suppliers and welfare organisations and provided more than 28 million meals since the beginning of lockdown.

Now a registered PBO, Feed the Nation Foundation has provided food to more than 10 000 Child Headed Households and has distributed more than 150 000 food hampers to vulnerable people living in shelters, aged care facilities, orphanages, flood victims and underserved communities experiencing severe hardship, during what has become an ongoing crisis.

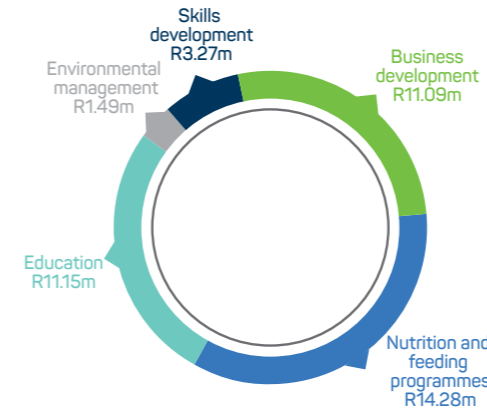
Our most heartfelt thanks to you, our partners and most loyal customers, for your contributions. No matter how big or small, every single contribution makes a significant difference to someone else's life.

Our work is far from over – we will continue in our efforts to reach the most vulnerable in our communities across the length and breadth of South Africa.

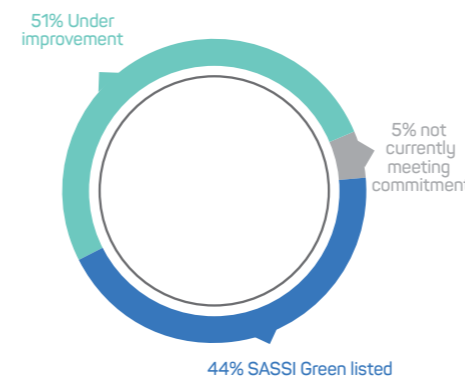
We urge you join us on this most incredible journey to #FeedTheNation.

Suzanne Ackerman-Berman
Transformation Director
Trustee of Feed the Nation Foundation

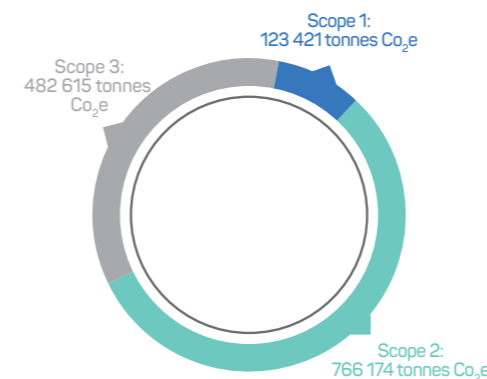
Corporate social investment



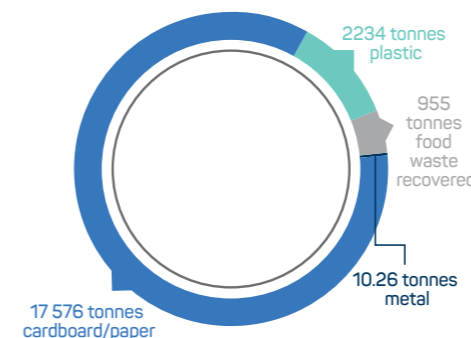
Sustainable seafood



Carbon footprint



Waste recycled/recovered



“Feed the Nation started as a way for us and our customers to support those left most vulnerable by the pandemic. Thanks to our established network and efficient supply chain, we could support welfare organisations and charities to further increase their reach and extend their impact.”

Suzanne Ackerman-Berman

04

PEOPLE N PLANET: WORKING TOGETHER FOR A SUSTAINABLE FUTURE



Our ongoing support of the Phahama Project in Gauteng provides tricycles, clothing and training to informal recyclers.

As our formal sustainability journey enters its fifth decade, our sustainable living strategy has evolved to enhance the co-ordination of our efforts. The global pandemic highlighted the need for balance between a more proactive role and our ongoing work behind-the-scenes.

Our efforts are focused on people and planet; enhancing our partnerships with our suppliers, communities and employees to extend our impact.

The challenges we faced over the past year provided an opportunity for us to revise our strategic direction, which will increasingly inform our Group efforts in the years ahead. Three high-level goals focus our resource investment, while allowing a flexible response to a dynamic range of material matters and priorities.

Our three high-level goals

Examples of some of our key projects

Key metrics

Sustainability ambition: be a force for good



PARTNERING TO SHIFT THE FOOD SYSTEM

- Supporting small farmers and suppliers
- Providing nutritional and healthy products
- Developing food gardens
- Ethical and sustainable sourcing
- Seafood, sow crate and palm oil commitments



6 607 Ackerman Pick n Pay Foundation community food gardens, increased **23%** year-on-year

R54.5bn spend on BBBEE compliant businesses, increased by **5%**

R15.5m spend on Enterprise and Supplier Development, increased **3.3%** year-on-year

95% sustainable seafood by sales value, the same as last year



USING LESS, SHARING MORE

- Donating excess food
- Reducing energy usage
- Increasing solar generation
- Lowering carbon emissions
- Packaging and plastic reductions
- Reducing water usage



1 006ML of water withdrawals, reduced **10%** year-on-year

Food waste reduced by **21%** year-on-year, contributing more than **R100m** in cost savings

1 372 209 tonnes CO₂e total carbon footprint, reduced **8%** year-on-year

7 773 MWh renewable energy generated, up 1% from last year



HELPING TO EMPOWER OUR EMPLOYEES AND COMMUNITIES

- Investing in our employees
- Empowering communities through focus on education and food security
- Pick n Pay School Club, Feed the Nation, Velokhaya and People n Planet clean-ups



R5.2bn spend on black women-owned businesses, increased 8% year-on-year

Number of learners in learnerships, internships and apprenticeship programmes: **459**, increased by **43%** year-on-year

Total expenditure on employees: **R7.9bn**, increased by **8%** year-on-year

R41.3m expenditure on corporate social investment, increased by **21%** year-on-year

05

PARTNERING TO SHIFT THE FOOD SYSTEM



- 12 Soil to shelf
- 13 Supplier and enterprise development
- 15 Promoting local with passion
- 18 Ensuring ethical supply chains
- 19 Sourcing sustainable seafood
- 19 Offering sustainable products
- 20 Growing communities through food gardens
- 21 Healthier food and lifestyle choices
- 22 Promoting healthier food choices
- 23 Ensuring food safety and quality
- 24 Innovating for customer convenience and value

As one of the biggest retailers in South Africa, we embrace our opportunity to positively impact lives while promoting smart, sustainable and inclusive food supply chains. This includes supporting small, local suppliers to become part of the retail sector, thus contributing to a sustainable South African economy. It also means working with all our suppliers to ensure that we provide our customers with great quality products that are produced responsibly and ethically.

SOIL TO SHELF



We create substantial economic development and employment opportunities throughout our value chain, procuring goods and services from around 10 000 local suppliers and service providers. Transforming the supply chain from soil to shelf and creating opportunities for responsible small-scale suppliers, farmers and entrepreneurs is a fundamental part of Pick n Pay.

We are committed to use **100% sustainable palm oil** by end of 2021

20 of our biggest suppliers joined us on the international **10x20x30 Food Waste Initiative**

R15.5m in spend for Enterprise and Supplier Development

Working toward a more ethical supply chain through **SEDEX**

100% sow crate friendly pork since 2019

85% of our Private Label products are locally sourced

30% of suppliers are members of the Roundtable on Sustainable Palm Oil – our target is 100% by end 2022

6 607 Ackerman Foundation community food gardens and **2 000** home gardens, providing a source of food for **30 000** people across **76** municipalities

Pick n Pay was the **first retailer in Africa to make sustainable seafood commitments** and 95% of our seafood by sales value meets our targets

Supplier and enterprise development

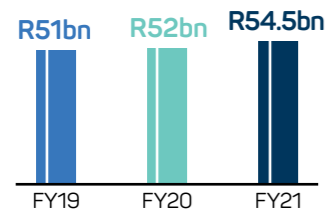
Through our Enterprise and Supplier Development (ESD) initiatives, we maintain a leading role in mentoring, encouraging and enabling small-scale entrepreneurs to become sustainable suppliers to the retail industry. We actively identify a diverse pool of entrepreneurs with innovative product concepts or start-up enterprises.

Pick n Pay invested over R380 million through its ESD initiatives this year, including through preferential procurement from participating small businesses, and mentorship and training initiatives. In strengthening our strategic approach, we are developing a small business procurement policy that will ensure that in categories where we have a big multinational vendor operating, we will have small local suppliers operating in conjunction with them.

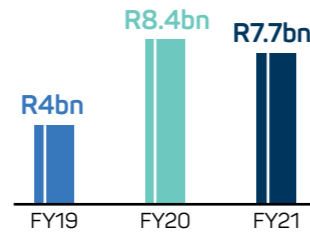
R380 million
Invested in ESD
in FY21

Preferential procurement

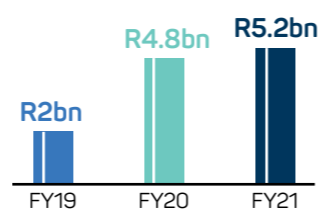
Spend on BBBEE compliant businesses



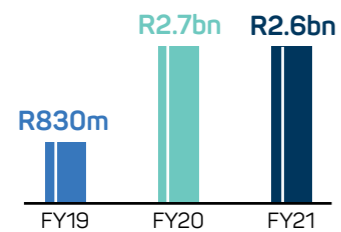
Spend on black-owned businesses



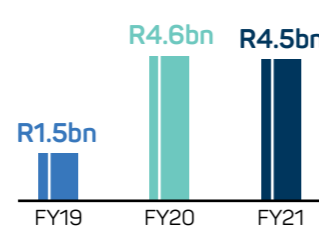
Spend on black women-owned businesses



Spend on black-owned SMMEs



Spend on SMMEs



Big business has a major role and responsibility to play in building and developing small businesses. Transforming the supply chain from soil to shelf and creating opportunities for small-scale suppliers, farmers and entrepreneurs is a fundamental part of Pick n Pay.

Suzanne Ackerman-Berman
Transformation Director

Dedicated mentors

Pick n Pay's employees are playing a central role in guiding and nurturing small businesses through our mentorship programme. This is delivered through our Small Supplier Mentorship app which we launched in November 2019. The peer learning platform is designed to provide small suppliers with access at no cost to expertise within Pick n Pay, and features tips, tools and training to assist with the mentoring process.

We currently have more than 150 entrepreneurs enrolled in our ESD programme who are connecting with our experienced staff for advice and to be a sounding board, at least monthly, over a period of 12 months. We have about 200 employees engaged, and this number continues to grow, across primarily procurement, merchandising, compliance, supply chain, financial management or marketing and human resources areas. A dedicated mentor is crucial for small suppliers, especially when facing an uphill battle in tough economic times. During Covid-19 we assisted small suppliers to withstand challenges, including through assessment against various relief options offered by government and banks.

150
entrepreneurs
enrolled in our ESD
programme

200
employees
providing dedicated
mentorship and
support



Empowering independent small retailers

Pick n Pay's innovative market store programme in conjunction with provincial governments and other funding partners continues to grow, with tremendous results. Launched in 2016, this inspiring project sees small, independent township grocers revitalise and regenerate their stores and turn them into thriving neighbourhood convenience stores.

The success of the programme can be ascribed to entrepreneurial passion and effective public/private sector partnerships. The independent township traders have access to Pick n Pay's distribution channel, business assistance and management mentorship and training. They benefit from our supply chain and systems capability as well as value-added services and loyalty programme. We set minimum standards of operation, range and pricing to ensure that the model is successful.

A unique business model in South Africa, from fresh produce, liquor and edible groceries, to butchery and bakery goods, market stores provide a wide selection of products for our value focused customer segment. The upgraded stores offer services including money transfer, ticketing, airtime and data, bill payments, and prepaid electricity and continue to expand their offering. In the last two years we have extended digital banking through TymeBank, and ATMs into stores and in partnership with sustainable gas provider PayGas, added LPG gas to the offering. In March 2020 we launched a new format store with an improved look and feel.

The sustained support from Gauteng government, the Western Cape Department of Economic Development and Tourism and the City of Cape Town is supplemented with funding from commercial banks (Nedbank and ABSA) and the enterprise development fund arm of government, Sefa.

In 2019 we established a dedicated team of specialists to support the market stores. This has been critical during the pandemic, especially in the early stages, to mitigate challenges such as supply shortages and meeting increasing local demand. Our support included extending credit facilities on liquor due to lockdown restrictions on liquor sales.

Each revitalised store has received a great response from its surrounding community, with strong earnings and profit growth. Successful township businesses help the broader community by creating jobs and encouraging the development of a wide range of skills. These include technology and customer service, as well as specific retail skills in butchery, bakery and other areas.

We have identified potential new market store sites in all major provinces. An agreement has been concluded with the Free State government to open five stores, and in total we plan to open another 21 stores during FY22.

Progress achieved over the past two years

20 new market stores opened
Bringing the total number of new active stores to 38

Over 800 full time employees
With 56% of employees women

26% female ownership
Across the 38 stores

A growing national footprint
26 stores in Gauteng, six in the Western Cape and six in the Northern Cape

Inspiring entrepreneur, Pilane Kwakwa, realises his retail dreams

Pilane Kwakwa, 39, is one of our prospering market store owners. He opened his Summerville Market Pick n Pay to the Tembisa community on 7 December 2018.

The successful store celebrated its first anniversary by donating food parcels to seven grannies of the community, as a way of showing gratitude to the community for loyal support.

Pilane says that his experience in running the market store was unparalleled and equipped him to take the next step in growing his business – the acquisition of a full Pick n Pay franchise store in Germiston, in November 2020. At the same time, he also opened the first franchise Pick n Pay pharmacy, in his market store, thereby bringing health facilities closer to his community. Across the two stores he employs 140 people.

Pilane says, "My mantra is 'don't be afraid to chase the risk'. My greatest fulfilment is the positive impact I have been able to achieve on other people's lives. I am passionate about increasing my contribution." Pilane plans to build a R1 billion annual turnover retail business in the next five years and in ten years to have expanded into a full portfolio including malls and distribution centres.





Promoting local with passion

In 2019 we introduced our dedicated Pick Local brand. It endorses goods and services of small South African producers, suppliers and service providers who demonstrate a commitment to creating jobs, are BBBEE compliant, and ensure that their raw materials are locally produced, manufactured, assembled or packaged.

Participating suppliers feature a Pick Local brand stamp on their products. We encourage all kinds of small businesses – be it a family business, local shop, online business, farmer, small manufacturer or entrepreneur – to get involved. In promoting Pick Local, we raise levels of customer awareness that by buying local South African products, they are supporting small business, helping to create employment and uplifting local communities.

We seek to inspire the nation through feel-good stories that celebrate the best of South Africa's diverse tastes, culture, style and ideas. Our Pick Local digital magazine allows our customers to view and shop our quality range of Pick Local products and meet the makers behind the products.

Taking our support for local small-business brands a step further, we create opportunities for them to showcase their products in our stores and drive awareness and support through product sampling and educating consumers about their products.

Rising to new challenges

Ntombi Nonxuba and her team from Rise Uniforms, a clothing manufacturer of uniforms, corporate wear and protective clothing, were set back by the lockdown regulations but rapidly re-adjusted the business to manufacture personal protective equipment. The Phillipi factory in Cape Town could not meet the escalating local demand and Ntombi subcontracted some of the orders to five additional cooperatives, supporting further jobs. Ntombi received the Woman-owned Business Award and went on to be named the Entrepreneur of the Year at the 2020 Western Cape Entrepreneurship Recognition Awards for her business, which currently employs 56 people, most of whom are young women from the local township.



Celebrating local innovation and entrepreneurship

Every year we hold the Pick n Pay small supplier awards, celebrating local success stories and entrepreneur role models. The following six suppliers were declared overall winners for 2020.

- 1 **Nutriseed**
- 2 **Curated Beverages**
- 3 **Cre8tive Footwear**
- 4 **Greenworld Chemicals**
- 5 **Nativechild**
- 6 **Bush Valley Fresh Poultry**

Cre8ive Footwear

Cre8ive Footwear is a supplier of a stylish women's range made from 100% recycled upper materials. The organisation aims to drastically reduce their carbon footprint by using locally sourced, eco-friendly materials.



Urban Grown

Simbarashe Chimhandamba and Nonhlanhla Mokoena-Chimhandamba, founders of Urban Grown, a 100% black woman-owned entity that farms and supplies us with a variety of fresh green vegetables. It has a workforce of 28 women from Diepsloot township and the Rooival rural areas



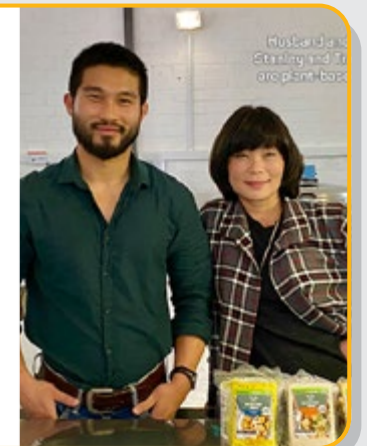
Nativechild

Sonto Poee is one of the few South African women taking the natural hair care manufacturing industry by storm. "Nativechild was born out of a combination of three things: an unquenchable passion for hair and particularly long and strong natural hair, a desire to see more people like me wear their crowns proudly and a strong desire to have a social impact where we start to see less people of colour use and absorb chemicals through their hair and body care products. Our vision is to make excellent quality toxic free products available and affordable to the mass market." Nativechild employs 59 individuals.



Authentic Tofu

Stanley and Tracy Hao Liu developed Authentic Tofu, a range of locally made plant-based foods of the finest quality that form part of Pick n Pay's Live Well brand.



Africa Rise

Africa Rise – inspiring, homely, authentic and on trend: Pick n Pay’s Africa Rise initiative is about supporting a lifestyle with local and traditional flavours appealing to the modern, trendy South African consumer. In collaboration with our local suppliers we have created six signature flavours to use across multiple product ranges.



Pick n Pay Clothing: local product innovation and stewardship

Our clothing division is constantly innovating to increase local products in our stores.

A highlight is the venture we introduced early in 2020 to give a selected group of local young designers the opportunity to be mentored by leading designer Gavin Rajah and launch their business with an exclusive collection in collaboration with Pick n Pay Clothing. The project serves as an incubator that is nurturing talent, refining their creative process and assisting them in entrenching their brands in the local market. The collaborations offer our customers greater variety and have been very favourably received.

In March 2020, we also featured a limited edition range of re-usable shopping bags made from recycled plastic bottles that showcased talented African artists, supporting our ongoing commitment to reduce plastic and celebrating Africa’s diverse range of art and design. R5 from each artist bag sold was donated to our Pick n Pay School Club, reviewed on page 47.



✔ We support the clothing, textile, footwear and leather (CTFL) industry Master Plan which was developed by government and industry to drive local manufacturing and employment over the next decade.

✔ Our clothing team has projects centered on increasing the sourcing of sustainable cotton, reducing water usage during clothing manufacture and increasing levels of recycled content.

✔ In 2020 Pick n Pay became a member of the Better Cotton Initiative (BCI) a global not-for-profit organisation and the largest cotton sustainability programme in the world. We also continued to support locally grown and certified organic cotton. In FY21, Pick n Pay used 6 788 tonnes of cotton, of which 6.51% is BCI.

Working proactively with local suppliers, we are committed to sourcing 50% of our cotton as more sustainable cotton by 2024, which includes recycled cotton, organic cotton and Fairtrade cotton.



Ensuring ethical supply chains

To ensure the sustainability of our resource base, we recognise the importance of promoting resilience throughout our value chain and supporting our carefully selected suppliers to meet effective standards.

Our sourcing policy provides clear guidance on employment practices and the social and environmental standards we expect to be upheld in the process of supplying Pick n Pay-branded products. Ensuring strict product quality control also builds trust with our customers. We support ethical initiatives, including offering consumers sustainable alternatives, supporting producers who proactively manage animal welfare and environmental issues, and advancing sustainable seafood sourcing.

Promoting ethical and environmental standards

By helping suppliers meet responsible and ethical standards, we are able to offer customers improved choice, provide an opportunity for active customer participation and reduce supply chain and reputational risks.

Policies and codes

All our business partners are required to comply with Pick n Pay’s Code of Ethics, and are expected to ensure that all their subcontractors and secondary suppliers comply with this Code. This includes compliance with all local laws regarding health and environmental standards, promoting animal welfare and taking steps to minimise any negative impact on the environment that may result from the processes and operations of the business.

Transparency

Traceability of our food is controlled through our food health and safety audits. Pick n Pay technologists follow up on traceability audits when visiting facilities. Any facility or farm that fails the audit is suspended and corrective action must follow together with a re-audit before supply can recommence.

We trace and track ingredients with high environmental and social impacts, such as palm oil and soya, to facilitate sustainable sourcing. Any Pick n Pay-branded product containing palm oil is indicated on our labels. As a member, Pick n Pay continues to support the Roundtable on Sustainable Palm Oil (RSPO), an organisation aiding in the conservation of the endangered Bornean orangutans.

We are working with our suppliers to ensure that they all become certified members of the RSPO by the end of 2022.

Collective efforts

As a longstanding member of the international Consumer Goods Forum (CGF) and the Consumer Goods Council of South Africa, we are working hard to address societal challenges in areas such as waste reduction, climate change, product safety, responsible advertising, crime prevention, public health, and consumer protection. This includes proactive efforts in recent years to introduce more natural refrigeration systems, work towards zero net deforestation and ambitious commitments to significantly reduce food waste in our extended supply chain.

Leading practices

Pick n Pay is a member of leading ethical trade membership organisation Supplier Ethical Data Exchange (SEDEX), and of Sustainability Initiative of South Africa (SIZA). We continue to transition our supply base, where relevant, to audit protocols which report against these initiatives.

Sedex is a not-for-profit, membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains.

77% of our clothing suppliers Registered on SEDEX

SIZA provides a South Africa based self-regulated platform, aligned to global best practices, for agricultural stakeholders to ensure ethical and environmentally sustainable trade. These organisations provide platforms for streamlined sharing of audit data which reduces the number of audit requests that suppliers receive and/or must comply with.

We promote ethical standards across our supplier base through initiatives like WWF-SASSI and GLOBALG.A.P. and localg.a.p. certification, an internationally recognised set of farming standards linked to Good Agricultural Practice. Our technical division’s auditing process ensures that animal welfare standards are met, that suppliers comply with labour legislation and that organic suppliers are correctly certified.

Pick n Pay’s environmental standards focus on minimised and safe use of agrochemicals, proper and safe management of waste and maintenance of soil fertility and water resources. In supporting the sustainability of biodiversity, Pick n Pay is a member of the National Biodiversity and Business Network (NBBN).

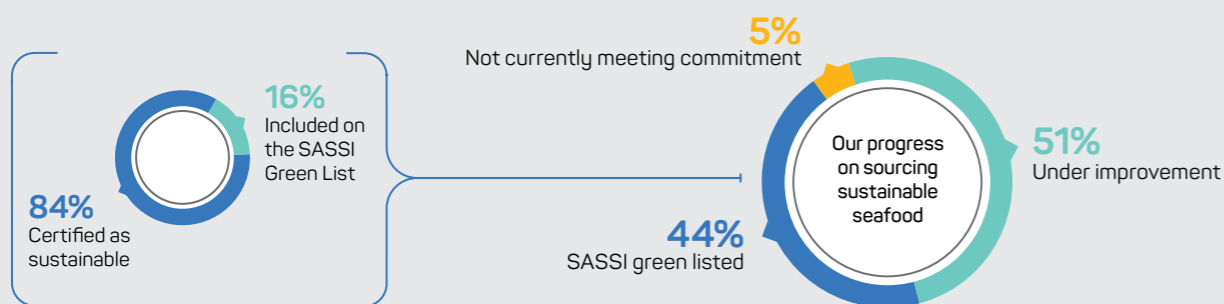
All farms are audited by independent third-party veterinarians. Our sourced meat is graded by an external auditor to ensure an unbiased result. Abattoirs, processing facilities, distribution facilities and Pick n Pay stores that take part in the Pick n Pay sow crate-friendly programme are audited by the South African Meat Industry Company (SAMIC). Follow-up audits are undertaken where required, to ensure compliance.

Sourcing sustainable seafood

Pick n Pay has been one of the most influential retailers driving sustainable seafood in South Africa.

We were the first retailer in South Africa to commit to putting sustainable seafood on our shelves and ensure changes in our seafood procurement practices to mitigate the risk of overfishing. Over the past decade we have invested more than R18 million in marine conservation, including as a core funder of the WWF-SASSI initiative to transform South Africa's fisheries sector.

In working toward our sustainable seafood commitments, 78% of our seafood products by species and 95% of our products by sales comply with our targets. To address the remaining 5%, we are working with WWF-SA, suppliers and fishermen to implement strategies to foster responsible environmental governance and sustainable fishing practices. Most of our seafood by volume is either certified by the Marine Stewardship Council (MSC), or from fisheries that are currently undergoing improvement projects toward certification in the future.



Offering sustainable products

We continue to expand our range of sustainable products that provide environmental and social benefits.

- ✓ In supporting Fairtrade – a trading partnership aimed at equitable international trade practices based on transparency, dialogue and respect – we give preferential access to locally produced, fairly traded products. All Fairtrade-certified produce is farmed in environmentally ethical ways.
- ✓ Our Free Range and Wagyu beef is sourced from trusted and sustainable farmers with the highest traceability in order to guarantee quality and freshness.
- ✓ In committing to ethical and responsible farming practices, all Pick n Pay-branded pork (fresh and processed) is sourced from sow crate-friendly farms, where sows spend a maximum of eight weeks in an individual gestation crate. We continue to increase the number of farms on the programme, and all are independently audited.
- ✓ We continue to expand our offering of dairy-free and plant-based products and meals in response to increasing demand from customers who avoid the consumption of animal-based products.
- ✓ Pick n Pay is a Fur Free Retailer.
- ✓ Our eco-friendly Pick n Pay Green range of cleaning products is certified as vegan, cruelty free and not tested on animals. The products are made with biodegradable, naturally derived active ingredients (except for the furniture polish) and packaging is 100% recyclable.
- ✓ We have made the commitment that by 2025 all cardboard and paper used for our own brands and packaging will be FSC-certified.

Growing communities through food gardens

The Ackerman Pick n Pay Foundation, as part of its commitment to the SDGs, places a focus on supporting initiatives that address food insecurity in a sustainable manner. Creating an environment to advance progress towards SDG 2: Zero hunger, has been the Foundation's primary goal for more than eight years.

The Foundation's strategy focuses on supporting community gardens that serve the dual purpose of a source of food as well as a source of income. The Foundation partners with organisations nationally to establish rural and urban community food gardens, with a strong training element that encourages replication at home.

In FY21, in addition to supporting the physical aspects of gardening, during the lockdown winter months we focused on providing moral support to the communities we partner with, increasing our contact with projects, often through video calling, as we could not be there physically.

We also continue to support the establishment of micro-holding and smallholder farm gardens. Pick n Pay maintains a valuable partnership with the Sigazisiza Trust, which supports in providing start-up equipment and training, including the roll-out of drip irrigation and water conservation training, and mentoring to promote food security and facilitate the development of craft and agricultural enterprise development.

By integrating the establishment of community food gardens into our Feed the Nation Foundation's strategy, we will further expand our contribution towards alleviating hunger and income challenges.



Investing in food gardens generates multiple benefits

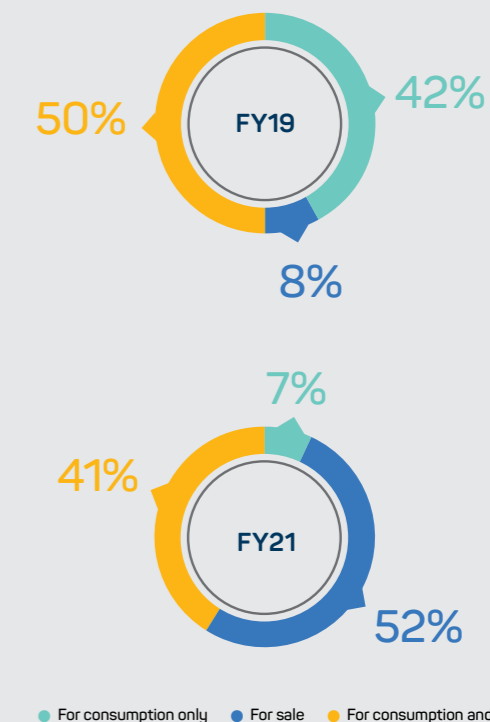
Food gardens have become a powerful tool to engage citizens in a meaningful economic activity that has low barriers to entry. They also provide a way of promoting urban agriculture, which is a key component of sustainable urban development. There is increasing interest among the youth to create livelihood opportunities through operating food gardens.

During the pandemic, with a lack of access to food heightened by many people losing employment or income, there has been an inspiring increase in households growing their own produce as a simple solution to alleviating hunger. There is an increasing awareness that community food gardens also create opportunities for people to take ownership of improving their own long-term health and well-being.

Shift in garden produce selling behaviour

FY21 compared to three years ago:

Results from surveys undertaken among a sample of community food gardening participants:



● For consumption only ● For sale ● For consumption and sale

Outcomes in FY21

An increase in natural and smart growing practices, enabling access to retail value chains and embedding a culture of agricultural learning.

Over 200 000kg harvested for sale, with 42 community gardens formally supplying the market.

During the peak of a harvesting season, each gardener can generate up to R2 700 a month by selling surplus produce, motivating a focus on generating a maximum yield.

Collectively producing high-quality fresh produce for more than 30 000 people across 76 municipalities, ensuring over 260 000 meals are nutritionally boosted at early childhood centres and schools.

6 607 active community gardens – up from 1 582 in 2019 – with an estimated 2 000 home gardens.



We help our customers to take care of themselves by making healthier eating cheaper, easier, and more accessible. We continue to improve and diversify our range of healthier product options, as well as our value-added solutions and services aimed at making lives easier.

HEALTHIER FOOD AND LIFESTYLE CHOICES



We have almost 500 products in our healthier choice Live Well brand

214 tonnes of salt were removed over the past three years from the current range of own brand products

34% average reduction in sugar content across a variety of categories and over 2 000 tonnes of sugar have been removed since 2016

Encouraging healthy, balanced lifestyles

From making the everyday options a healthier choice or innovating to bring healthier products to market, customers can always choose wholesome, nutritious and high-quality food when shopping with us. Eating healthily also does not have to be complicated or expensive, no matter what the customer's budget. We aim to provide customers with the information, incentives and rewards to encourage healthier choices.

The Covid-19 pandemic rapidly increased levels of awareness and investment in a healthy diet, with more customers buying increased volumes of vegetables and fruit, particularly longer-lasting vegetables and immune-boosting products.

Improving access to cost-effective healthier products

We run promotions that make healthier foods more affordable and keep low prices on fresh produce and our healthy brand (Live Well) products. Our Smart Shopper loyalty programme seeks to encourage customers to make healthier choices and Pick n Pay customers using the Vitality Healthy Food benefit earn cashback as a reward for their healthy food choices.

Accessible and reliable information

We have a long history of providing clear nutritional labelling on all our own brand products. This ongoing commitment to provide simple, yet accurate labelling helps our customers have all the facts they need to make informed choices. With the growing burden of non-communicable diseases in South Africa, this transparent labelling is crucial to ensure customers can follow a healthier lifestyle and live well for less.

The Pick n Pay online shopping platform provides a filter for easier navigation to find healthier foods, including foods with no added salt and sugar, products rich in fibre and foods free from gluten and dairy.

Customers also have access to free dietary advice from Pick n Pay's in-house dietitian. Dietary guidelines for the management of conditions such as allergies, diabetes, blood pressure, weight loss and heart health are available on-line and printed copies are distributed via the in-store pharmacies.



We raise awareness of the importance of a healthy, balanced diet and regular exercise in maintaining good health and well-being. This includes distributing branded nutrition education materials via the Pick n Pay School Club (reviewed on page 47), reaching thousands of learners in over 3 155 schools in rural and urban areas throughout South Africa. Going forward, we will develop initiatives aimed at encouraging children to live a healthy, balanced lifestyle.

Collaborating

To drive forward the health agenda we continue to engage with the national Department of Health and the Consumer Goods Council of South Africa on collective industry measures aimed at reducing and managing health and obesity risks for all South Africans. In partnership with an NGO, we produced a diabetes educational booklet for customers which was also distributed to government clinics, with the plan to distribute more in 2021. We also continue to engage with the government on proactive commitments to reformulate certain categories of foods to improve their nutrition credentials. We support government in its annual health awareness campaigns, such as Nutrition Week and Diabetes Awareness month. It is also our responsibility to increase awareness around the importance of good health and to assist customers eat healthier, no matter how much time or money they have.

Making our products healthier

As part of collective efforts to decrease the incidence of hypertension, or high blood pressure, among South Africans, all Pick n Pay's own brand products are compliant with government-regulated salt content targets. Since the first reductions in 2017, over 888 tonnes of salt has been removed from the current range of own brand products, of which 214 tonnes were removed in FY21.

Sugar reduction remains a priority for our own brand products. Since 2018, we have achieved a 34% average reduction in sugar content across the following categories: carbonated beverages, cordials, flavoured waters, cereal bars, instant oats, kids breakfast cereals, bakery products and flavoured yoghurt. Since 2016, over 2 000 tonnes of sugar have been removed from these categories.

We have enriched over 40 lines of our own brand cereals and porridges to help boost the intake of some key vitamins and minerals. Infants, children and other vulnerable groups consuming relatively small amounts of food may not get enough micro-nutrients from fortified staples, such as maize and wheat, alone. Food enrichment with a wide range of micro-nutrients is one of the most safe, effective and low-cost ways to enhance the nutritional value of food.

As a further commitment to our Live Well journey, millions of live probiotic bacteria have been added to selected own brand yoghurts. This new and effective strain of probiotic, known as BB12, can effectively restore the health of the digestive system and help boost immunity.

Promoting healthier food choices

We have an ongoing programme of adjusting the ingredients of our own brand products, removing fat, sugar and salt, or enhancing the nutrition value such as with more vegetables or fibre, without compromising on quality or taste.

The development criteria for all own brand products excludes the use of flavour enhancer MSG, tartazine and other non-nutritive sweeteners.

Live Well brand

We continue to innovate in our product ranges to provide customers with new healthier choices. Pick n Pay relaunched our Live Well brand as a consolidated healthier food offer in September 2019 and we are encouraged by the increasing popularity.

The products have all been developed to meet strict criteria based on government guidelines for fat, saturated fat, added sugar and salt. The range is positioned to enhance our value by targeting all our customer segments and we aim to include Live Well products in every food category of the business.

We have almost 500 Live Well products ranging across fresh items, pantry items and frozen options. Live Well meets specific health needs, offering a range of products that cater to customers who need to consider pre-existing health problems such as diabetes, allergies (gluten, lactose), and heart health. The range is evolving to consider not only lifestyle requirements such as healthy eating but also sustainability trends, such as the increased demand for plant-based alternatives. We plan to deliver healthy and sustainable diets for our customers with the information to help them make better choices for themselves and the planet.





Ensuring food safety and quality

We are committed to providing customers with quality products that meet the highest health and safety requirements.

- We maintain stringent standards across our supply chain including protocols for transporting, storing and disposal of food.
- We continue to work closely with suppliers to ensure that they meet both regulatory and our own high standards and help them improve the quality of their products and internal food safety processes.
- We have food technologists to ensure our products comply with all the relevant legislation in terms of quality, content standards and labelling. All food suppliers are regularly audited by a third party.
- Food Safety Assessment audits are undertaken on all national and private label suppliers supplying products to Pick n Pay. Non-compliance with food safety standards results in termination of supply agreements until compliance is restored.
- All stores undergo stringent food safety audits on a regular basis, undertaken by independent service providers and internal audit teams. Product recall standards and procedures are in place.
- In South Africa, we remain in close contact with the Department of Health regarding all food safety matters.
- During the first few months of 2020, we worked with our suppliers to review their listeriosis protocol and implemented a new specification for listeriosis monoctyogenes testing, ensuring clarity among suppliers.

45 food technologists conducted 477 visits to our 605 suppliers of Pick n Pay-branded products

540 food and safety audits conducted by third-party auditors

1 986 routine tests conducted on products

Covid-19 lockdown restrictions in the first quarter disrupted regular supplier audit and factory audit practices and we had to transition all our supplier engagement processes online. Instead of being conducted in-person, technologists undertook virtual visits, based on requested desktop audit findings. This enabled us to continue to identify and address any non-conformances. Co-operation with suppliers remained strong. We resumed visits to factories after lockdown restrictions were lifted. We continued to communicate closely with industry bodies throughout the lockdown period. There is currently no scientific evidence to support transmission of Covid-19 associated with food.

Innovating for customer convenience and value

In supporting our customers to lead balanced, healthy lifestyles, we continue to improve our product and service offering to help people save time and reduce stress.

We provide a leading product range, including value-added services, at competitive prices through high-quality stores that are conveniently located within customer reach.

Inclusivity and affordability

The Group, through our Pick n Pay and Boxer brands, is the most inclusive retailer in South Africa, well positioned to serve the needs of customers across all socio-economic backgrounds. Our store segmentation and range optimisation programme has strengthened the offer for customers through greater clarity, relevance and availability. Pick n Pay is focused on bringing its offer to communities where it is not yet well represented, including through small convenience stores.

The majority of our customers, in South Africa and across the southern Africa communities we serve, subsist on limited incomes in difficult economic times. Covid-19 has brought further financial pressure and economic dislocation, and our customers need lower prices on essential food and groceries more than ever before. During FY21, Pick n Pay invested R500 million of its efficiency savings into reducing the price of everyday essentials, running better promotions and launching more Smart Shopper offers.

Convenience and value-added services

The Covid-19 pandemic accelerated the demand for online grocery shopping, with many customers feeling safer shopping online. We rapidly increased our capacity and reach, including through our liquor delivery partnership with Bottles, which was re-engineered during the nationwide lockdown to deliver same-day grocery essentials to customers. We rolled-out our Click and Collect service across many of our Pick n Pay stores which allows customers to order their groceries online and collect in store, and many of our franchise stores now encourage customers to email or WhatsApp their orders directly to the store, for collection or delivery. We also successfully launched online clothing shopping.

We have made great strides in expanding our suite of value-added services at till points.

In promoting financial inclusion in stores, our strategic partnership with TymeBank (digital banking service) offers customers access to a low-cost banking solution, including cash withdrawals and accepting cash deposits through till points on behalf of nine South African banks.

We introduced digital grocery vouchers which provide a convenient way to purchase and send vouchers to recipients.

We offer cardless payments, enabling customers to minimise contact and scan to pay using their smartphone and compatible mobile payment or banking app.

All Smart Shoppers now have the option to go digital with their receipts, receiving a short summary at the till and a full version sent by email.

We offer a broad range of insurance solutions through our partnership with Hollard.

We expanded the number of stores providing South African Social Services Agency (SASSA) grant payments, at no extra cost to the consumer, thus offering a reliable venue for collecting grant payments with greater queuing safety and anonymity than many government institutions.



06 USING LESS, SHARING MORE

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We have a target of supporting a minimum of 12 inland and coastal clean-ups every year and volunteers have collected 3 083kg of waste since 2019.

As a retailer with thousands of suppliers and millions of customers, we are mindful of our broad reach and the environmental impact we have across our value chain. We are committed to reducing our impact, enabling our customers to play their part in protecting the environment, and working with our suppliers and partners to innovate for a healthy planet.

USING LESS, SHARING MORE



1.64 million re-usable shopping bags sold

11 million plastic bottles used in the manufacture of our re-usable bags over the past 5 years

43.6% reduction in energy usage per square metre (2008 baseline)

61% of waste diverted from landfill

7 773MWh of solar energy generated, reducing our carbon footprint by more than 8 000 tonnes CO₂e

11% reduction in water usage compared to FY20

955 tonnes of food waste recovered

32% reduction in food waste compared to FY19

Replaced plastic straws with paper straws reducing 8 million plastic straws per year

Founding member of the Consumer Goods Council Voluntary Food Waste Initiative

27 community clean-ups over past 2 years; 1 800 volunteers participated collecting more than 3 000 tonnes of waste

100% recycled content used in our shopping bags, diverting more than 6 000 tonnes of plastic from landfill every year

19 943 tonnes waste recycled

One of the best performing retailers globally, with an A- rating in CDP Water and a B for CDP Climate

Progress against our commitments

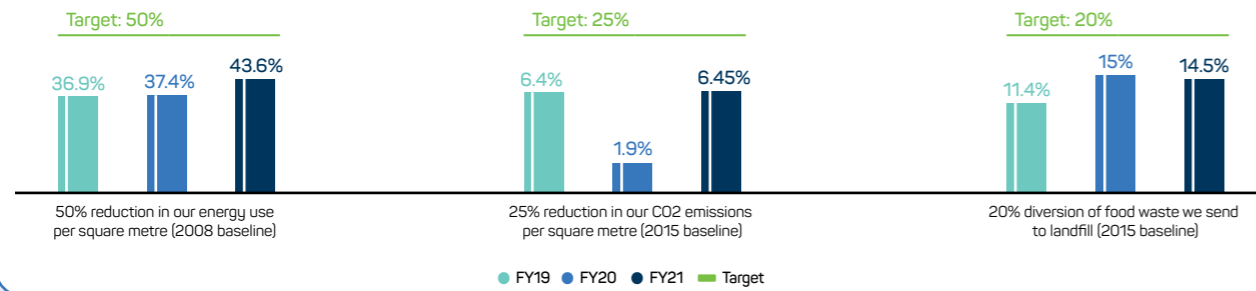
In 2015 Pick n Pay set ambitious targets through our war on waste initiative. Even though we have not yet achieved these targets there have been valuable learnings from this initiative.

In terms of energy, we are now using 10% less energy than 10 years ago, with 76% more stores and a 38% increase in gross lettable area.

Our carbon footprint has decreased by 10% year-on-year, and we reduce our emissions by more than 7 000 tonnes per year by using renewable energy.

We have reduced our food waste by 30% over the past three years, and we have joined the global 10x20x30 Food Waste Initiative through which we are working with our top 20 suppliers to reduce waste in our value chain by a further 50% by 2030.

Performance against our war on waste environmental commitments



People n Planet clean-ups



We have renewed our efforts to work toward our environmental targets and we are implementing measures that will help us to easier identify opportunities for improvement.

We developed a waste management dashboard that is assisting in improving recycling, increasing waste resource donations and reducing waste to landfill.

We raise awareness with our employees to reduce waste in stores and have systems in place to collect recyclable material, such as cardboard, paper, plastic and tin, among other materials across our operations.

We continue to expand recycling facilities at our stores to help customers recycle materials.

Our commitment to recycling also extends to increasing the use of recycled materials in our clothing products. For example, this year we sold 1.5 million items of clothing that included recycled content in all our clothing ranges. All our plastic hangers are made from 100% recycled materials. Our approach to waste management is aligned with the South African government's guidelines and principles.

In FY21, we recycled/recovered 61% of the total tonnes of waste generated. This included:

2 234 tonnes of plastic

1.16 tonnes of electrical items

955 tonnes of recovered food waste

10.26 tonnes of metal

839 tonnes of excess products donated

19 943 tonnes of cardboard and paper

Pick n Pay has been organising and participating in community clean-ups for more than a decade. We partner with local environmental organisations to help remove waste from our natural environments, increase awareness around plastic waste and boost recycling. Over the last two years we undertook 27 beach clean-ups and two river clean-ups, across KwaZulu-Natal, Western Cape, Eastern Cape and Gauteng province.

In the past year, Covid-19 prevention measures were implemented and adhered to during these events. Collectively, 1 426 volunteers participated and filled 475 rubbish bags, collecting 1 667kg of waste. This comprised primarily plastic lids, cigarette butts, sweet wrappers, chip packets, and carrier bags. Going forward we plan to introduce our organised community clean-ups in Free State, Northern Cape and Mpumalanga.



Reducing food waste

Food loss and waste is a massive global challenge, and the environmental, business and moral case for tackling food waste is undeniable. In particular, food waste impacts the environment and society in four key areas: the energy used to produce food, the food disposed of by retailers, the food wasted in the household and the energy used to dispose of food waste.

To reduce food waste in South Africa, we are reducing our operational food waste and collaborating higher up on our value chain by working with food suppliers to upscale collective efforts to tackle this issue from farm to fork.

We are reducing food waste through more accurate procurement, replenishment and demand planning. Several shelf-life extension projects by our technical and commercial teams are aimed at further reducing food waste in stores. We have clear food donation policies to distribute surplus food as efficiently as possible while maintaining our food safety standards. Any food that has passed its sell-by date, but not its expiry date, is donated towards alleviating hunger in vulnerable communities.

Pick n Pay is further participating in local and international initiatives that align with the United Nation's SDG 12.3 target to reduce global food loss and waste by 50% by 2030.

Pick n Pay was the first South African retailer to sign up to the World Resources Institute's (WRI) 10x20x30 Food Waste Initiative launched at the end of September 2019.

This initiative brings together 10+ of the most influential retailers globally and involves working closely with at least 20 of their largest suppliers towards a 50% reduction in food loss and waste by 2030 (hence, 10x20x30).

The effort catalyses a "whole chain" approach to fighting in-store food loss and waste and supports upstream food loss and waste reduction.

Pick n Pay has secured the participation of all 20 of our largest suppliers in this initiative, supported by online workshops, and we have set ambitious goals and targets that will significantly reduce food waste in our extended supply chain.

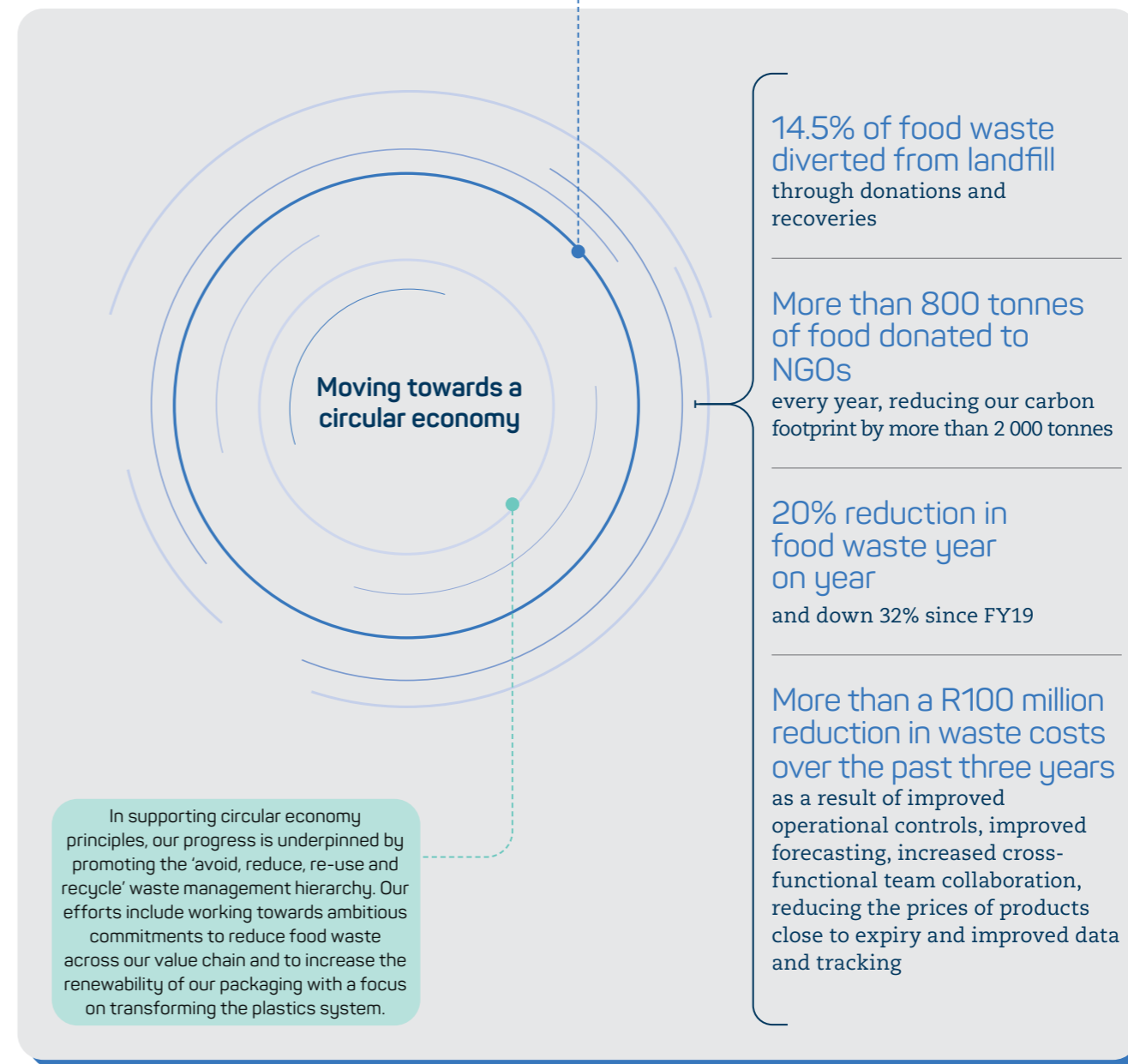
Pick n Pay is a core signatory to an initiative launched by the Consumer Goods Council of South Africa (CGCSA) to drive a sustainable commitment from local food manufacturers, distributors and retailers to prevent and reduce food waste.

The South African Food Loss and Waste Voluntary Agreement was launched at the end of September 2019 and Pick n Pay is proud to be represented on the advisory committee.

Participating food manufacturers and retailers commit to reducing food waste by 50% by 2030 (2016 baseline). In 2020 we held two externally facilitated training workshops with suppliers as an onboarding exercise, to support their efforts, such as with waste quantification and data management.



Our target to reduce food waste is aligned with the United Nation's SDG 12.3 target to reduce global food loss and waste by 50% by 2030.



“Reducing food waste is a global imperative, but it has added importance and urgency in Africa generally and in South Africa particularly. Locally, it is estimated that we waste just under a third of what is produced – up to 10 million tonnes of food – in the journey from farm to fork. In a country where an estimated 14 million people go to bed hungry every night, this is a monumental unnecessary waste which cannot be allowed to continue. Reducing food waste is therefore a strong focus for Pick n Pay.”

Gareth Ackerman, Chair

Innovating to make our packaging more sustainable

Packaging plays an important role in the protection of our products and ensures the quality, guaranteed safety and nutritional value of the food we sell. The primary role of packaging is to protect the product and help eliminate product waste. Globally, however, there is increasing concern about the resources used in the production of packaging as well as the impact that packaging has on the environment if it is not recycled or disposed of properly. We are committed to playing our part to accelerate the transition from a linear to a circular economy of packaging.

We assume a leadership role in local and international collaborative efforts that bring retailers, brand owners, industry bodies and the government together to sit and work towards long-term common targets for the plastics value chain. This will drive positive change for our customers on a much larger scale.

✔ Pick n Pay is a founding member of the SA Plastics Pact that was launched in January 2020.

✔ In 2019, Pick n Pay became a signatory to the Ellen MacArthur Foundation's Global Commitment to develop a circular economy for plastic.

✔ Pick n Pay is also a member of The South African Alliance to End Plastic Pollution in the Environment.

Our environmental commitments seek to provide clarity in a highly complex space. This makes it easier for all Pick n Pay employees to align behind our ambition to be a force for good.

By 2025:

100% of Pick n Pay packaging will be re-usable or recyclable

30% average recycled content across all Pick n Pay packaging

100% of cardboard and paper used for Pick n Pay packaging will be sourced from responsibly managed forests

30% reduction in average packaging weight of Pick n Pay branded products

30% increase in sales of Pick n Pay re-usable bags

The following five principles constitute our framework for guiding decision-making in the journey towards more sustainable packaging solutions.

✔ **Reduce:** minimise the weight of materials used, while ensuring we maintain product integrity; carefully consider packaging components; and remove any unnecessary packaging components.

✔ **Re-use:** investigate re-usable alternatives where feasible and viable from cost perspective.

✔ **Recycle:** design packaging with recycling in mind, leveraging the Packaging SA Design for Recycling Guidelines.

✔ **Recycled content:** maximise recycled content where technically achievable, financially viable and safe.

✔ **Responsible sourcing:** where paper or cardboard is used, ensure that it is sourced from certified responsibly managed forests and carries the Forest Stewardship Council logo; bio-based materials from renewable sources can be used under the condition that these materials were produced from agricultural by-products and that the final packaging component is recyclable in the traditional recycling streams.

We are making encouraging progress in reducing our packaging and improving recyclability.

A revised on-pack recycling label helps customers understand how best to recycle their packaging. By 2023, all our branded products will feature the new logo.

Revised bottled water and fresh juice packaging has reduced plastic usage by 38 tonnes

More than 1.5 million re-usable bags are sold every year, with a growing range of shopping bags made from recycled bottles

Replaced plastic straws with paper straws resulting in an 8 million reduction in plastic straws per year

We use 100% recycled content in our plastic bags, which uses more than 6 000 tonnes of recycled plastic per year

We recently collaborated with Designed for Earth to develop an online tool that enables packaging teams to determine whether packaging is recyclable and the impact of certain products on the recyclability of packaging



The majority of our re-usable bags are made out of disposed, locally collected plastic waste bottles (PET). Producing the recycled polyethylene terephthalate (RPET) bags involves removing waste from the environment and turning bottles into fibre that is used to make re-usable bags, assisting in preventing single-use plastics. Our RPET bags are entirely made in South Africa, which has a well-established PET recycling industry with about 75 000 people employed in the collection of plastic bottles.

An innovative packaging partnership

To meet escalating demand from customers for cost effective, durable re-usable bags and keep margins low, in 2018 Pick n Pay strategically partnered with Virobag to produce all our fabric re-usable bags. Virobag is a Durban-based company that employs over 250 people, of which 80% have been redeployed from the severely depressed clothing sector. The innovative company manufactures bags from 100% local recycled PET plastic bottles, which can be digitally printed in photographic quality and remain affordable for mass retail.

This enables rapid design changes and production. An additional benefit is that the factory does not consume water in the printing process. In making the transition to Virobag, we ensured that one of our previous re-usable bag suppliers, the community-based Township Patterns, had developed sufficiently through our supplier development programme, to secure alternative contracts.

Reducing energy, water and carbon emissions

We are working on a broad set of solutions and targets to reduce our impact, with a particular focus on energy, refrigerants, water, waste and packaging. Climate change poses considerable challenges to developing a sustainable food system. Building on our submissions to the CDP, we are taking steps to identify climate-related risks and opportunities to build our resilience to climate change in the long term.

In 2010, we implemented an energy management programme. Since then, we have implemented several initiatives and rolled out various energy efficient technologies as part of our energy management journey.

Key initiatives implemented in Pick n Pay:

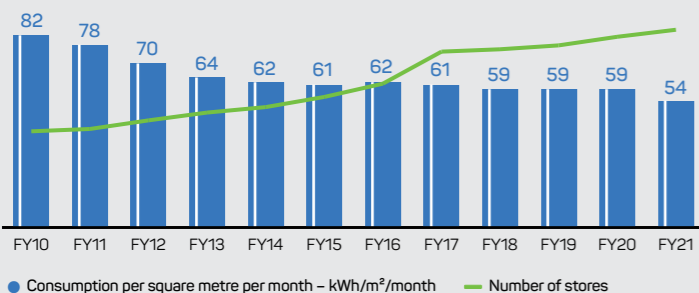
- Online electricity main meters in all stores and more than 1 300 submeters, enabling us to measure real-time consumption
- Daily and monthly dashboards and alert notifications, enabling us to proactively manage consumption and reduce waste

Energy efficient technologies rolled out in Pick n Pay:

- LED lighting roll-out to stores continues, including back of house and trading floors, with 11% of our estate now on full LED lighting
- Solar at six company-owned sites with 5.6MWp installed, producing 7.8GWh annually
- 34% of our stores use some form of natural refrigerants
- 74% of our stores have electronically commutated (EC) fans; 70% have plant rooms with variable speed drives; 66% of stores have electronic expansion valves; and 10% of our estate has doors on most refrigeration cabinets

Overall impact of our energy management programme in Pick n Pay to date:

- We consume 10% less energy than in 2010 despite a 76% increase in stores and a 38% increase in gross lettable area
- We have reduced our energy intensity by 43.6% (kWh per trading floor area)



Looking forward:

- Continue to drive behaviour change and real-time monitoring
- Roll out energy efficient technologies, including LED lighting and refrigeration doors
- Optimise existing equipment through sensors and building management systems
- Expand our renewable solar energy programme to all owned and leased stores
- Continue to switch to full natural refrigerants and install EC fans

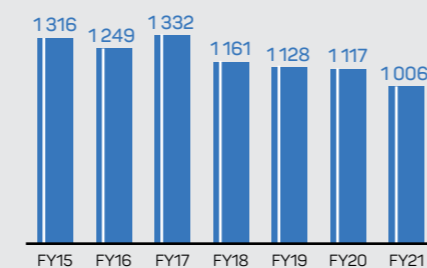
We continually look at how we monitor, manage and use water.

In 2018, Pick n Pay installed online water meters with real-time alerts in all our Western Cape stores. This allowed us to pick up leaks (the biggest cause of water loss in any system) and fix them immediately – thereby achieving a water intensity reduction of 20%.

Pick n Pay changed its store specifications, introducing a dual feed water system that optimises the use of grey water. This resulted in a 12% reduction of consumption.

In 2021 we added water to our active energy management programme to enhance how we manage and report on water consumption.

Water withdrawals – ML



Progress to date

86% of stores with real-time metering

12% reduction in water consumption in stores with dual feed water systems

Task Force on Climate-related Financial Disclosures

Respecting society's increasing expectations for greater transparency around climate change, we are progressively reviewing and aligning our management and reporting approach with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The majority of requirements are addressed in our annual submission to the CDP Climate Change Programme, available at www.cdproject.net. We are addressing the need to improve our understanding of the potential impact of global climate change scenarios on our long-term strategic plans.

A table summarising our current reporting in terms of the TCFD's recommendations is presented on page 57.

Pick n Pay carbon footprint

	FY21	FY20
Total Scope 1	123 420.68	124 857.71
Mobile fuels	5 235.53	7 501.34
Stationary fuels	18 163.73	17 805.17
Refrigerant gases	100 021.42	99 551.21
Total Scope 2	766 174.02	862 372.05
Total Scope 3	482 614.86	507 966.83
Franchise stores	412 082.87	439 061.26
Waste generated in operations	18 932.45	14 800.10
Upstream transportation	49 251.74	49 104.84
Business travel	1 537.40	4 548.80
Downstream transportation	810.40	451.82
Total Scope 1+2+3	1 372 209.55	1 495 196.60



Solar installation at our On Nicol store.

07

HELPING TO EMPOWER OUR EMPLOYEES AND COMMUNITIES

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Covid-19 has become the prevalent health challenge facing our employees and their families and communities. Safeguarding the health and well-being of our employees and customers has been our top priority in all our decision-making.

HELPING TO EMPOWER OUR EMPLOYEES

Health, safety and well-being



4 594

Store operational health and safety audits

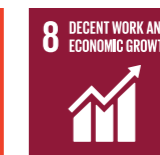
0

Fatal accidents in FY21

1 157

Lost time injuries, decreased by 24% compared to last year

Stability amid change and uncertainty



250 unemployed

school-leavers living with a disability have joined the Company over the past three years

Total expenditure on employees: R7.9 billion

R51. 57 million in training and education

98%

training spend on previously disadvantaged employees trained as a percentage of total spend

458

number of learners in learnerships, internships and apprenticeship programmes

67%

training spend on female employees trained as a percentage of total spend programmes

Guarding against Covid-19 infection and supporting mental and physical well-being

As the global health emergency became clear, Pick n Pay acted quickly to protect our workforce.

We implemented all the appropriate health, hygiene and distancing measures to keep our people safe. Formal protocols and procedures to ensure we stay safe are stipulated in the Pick n Pay Covid-19 protocol, which is regularly updated in line with evolving learnings and leading practices.

Recognising the uncertainty, fear and other mental health effects associated with the Covid-19 pandemic, supporting employee morale and mental well-being has been a particular focus during the crisis.

We provided extensive education and awareness around Covid-19, including general and workplace preventative measures. All employees received personal protective equipment. Hygiene and safety protocols to mitigate the risk of contracting Covid-19 in the workplace include the provision of cloth masks for all our staff and Perspex screens at till points, sanitising work surfaces and trolleys, providing sanitising wipes and sprays for our customers in stores, enforcing physical distancing, and daily screening of staff entering our stores, distribution centres and offices.

In line with the nationwide trends, Pick n Pay recorded a peak of infections at its operations in July and August 2020 and again in December and January 2021. A significantly lower number of active cases during the second wave of infections is indicative of effective collective workforce efforts. Anticipating further resurgences of infections, we have remained agile in our approach and continued to enhance our capability.

We have supported all employees who contracted Covid-19, including through the process of isolation or quarantine. Employees testing positive are eligible for extended leave to recover from Covid-19. Our team of occupational health practitioners (OHPs) conduct professional screening at every store where cases of Covid-19 infection are identified, and we have thorough and effective protocols to ensure that all close contacts are traced. We contracted additional qualified OHP nurses during periods of peak infections, for additional capacity.

Our premises are thoroughly cleaned when each case is identified. At every store, we undertake specialised cleaning every evening to mitigate the risk of stores having to be closed.

Our OHPs provide counselling for coping with a range of personal challenges. We produce a weekly publication on our internal communication platform that references articles and advice on diverse wellness-related issues.

We ensure that store managers and executives who work in stressful environments have annual medical examinations, which include screening for severe illnesses. We conduct ongoing occupational health surveillance to screen for lifestyle diseases, with OHPs visiting stores monthly. When staff members have illnesses, our OHPs provide health advice and referrals to health centres for tests, treatments and check-ups as required.

Our OHS practitioners co-ordinate all health and safety activities across our region. We have a registered dietician to support our OHPs in promoting wellness, and a doctor available to assist.

To strengthen our wellness and mental health drive, we are investigating a formalised employee assistance programme (EAP) and will be piloting the EAP across 20 stores in Johannesburg and Cape Town in the new financial year.

Pick n Pay employees who belong to the Company medical aid scheme can register for our comprehensive mental health programme. Medical aid provisions are in place for all full-time and variable-time employees. We provide several medical aid schemes. Membership is compulsory for all employees at junior grade and above, unless they are covered by a third-party medical aid. Membership of the medical aids offered is optional for non-management bargaining unit employees. We contribute 50% of medical aid contributions on behalf of employees.

Our longstanding HIV/Aids programme in the workplace includes the provision of antiretrovirals to HIV-positive employees.

Sadly, several of our employees have been ill or succumbed to the coronavirus. Our condolences go to their families.

Ensuring a safe and healthy work environment

In incorporating principles to address Covid-19 risks, we adapted our internal policies and practices to ensure alignment with changes to the Occupational Health and Safety Act, No 85 of 1993 (OHS Act) and evolving government regulations. In doing so, we have strengthened our approach to identifying and managing the health and safety risks facing our employees and customers.

Our buildings are designed within stringent health and safety guidelines and all employees receive health and safety training as part of their induction. Specific training is provided where required. This includes ensuring that health and safety representatives are appointed in each part of the business, and health and safety committees are in place at all sites.

We conduct monthly internal OHS audits to ensure compliance with the OHS Act and identify areas for corrective action or improvement. We have strengthened our performance measurements over the second half of FY21, with monthly OHS Act compliance scores ranging between 95% and 97%.

At every store, including all Boxer and franchise stores, the health and safety committee includes a manager, a staff representative (shop steward), a fire fighter, a person to check the condition of machinery, and a safety incident investigator. Service contracts in stores, such as cleaners, trolley porting, and security are managed by the respective store development team to ensure compliance with certain health and safety criteria.

In managing security at sites, we implement a balanced scorecard addressing key performance areas in service level agreements. Regional security managers conduct monthly audits to evaluate and report on security performance. In responding to an area identified for improvement, we will be implementing a training programme for security personnel on diversity awareness, to promote customer courtesy and conduct aligned with our Company values.

In enforcing safety in our stores, a major challenge is armed robberies, which are a greater risk at month-end when levels of cash in stores are greater, for SASSA grant payments. Employees are trained in how to behave swiftly and effectively in the event of an armed robbery. We are pleased to report that there have not been any injuries or fatalities during armed robberies at our stores. Trauma counselling is provided to all affected parties when robberies happen in stores.

Pick n Pay is a member of the Consumer Goods Council (CGC) crime risk initiative, a collective and proactive response by the industry to the ongoing incidence of serious and violent crime affecting the industry, including armed robberies, freight and truck hijacking, attacks on case management devices, and syndicate-driven shoplifting incidents.

Pick n Pay's agility and resilience in managing Covid-19-related impacts across the business, is a testament to the quality of our people and the Group culture. Navigating the challenges has required operational flexibility and dexterity in decision-making. We continue to invest in adapting to new ways of working and restoring stability in the workplace.

Maintaining continuity

We have continued to grow and expand as a business, but not at the rate anticipated, due to Covid-19-related impacts. In response to trading restrictions, we redirected our staff from closed shops and departments into essential areas to bolster service levels and health and safety standards.

Where feasible, employees worked from home, connecting remotely to their teams and managers. The Covid-19 committee introduced return-to-work policies. Following the lifting of lockdown restrictions, we maintain a low percentage of staff at our offices.

We work hard to retain our employees and build a stable workforce. Our permanent employee turnover rate during FY21 was 15% compared to 17% last year. We are pleased to have not experienced any major loss of skills.

We strive to be an employer of choice: This means providing good jobs, effective training and development initiatives, competitive pay, good working conditions and an opportunity to progress. Our baseline learning and development activities, from induction to functional training, aim to ensure that every employee understands their responsibilities and is empowered to do their job with confidence.

Our investments in training strive to align meeting business needs with legislated requirements to drive transformation. In the last year, Covid-19-related restrictions restricted or setback many of our training and development initiatives, which are mainly classroom-based. We responded well in adapting to delivering learning in a world where physical distancing and remote work is the new normal. Virtual training sessions ensured ongoing progress in certain areas, with some programmes extended to compensate for lost time during the initial lockdown period. All in-person capacity building programmes have Covid-19 protocols integrated to promote the safety of all involved.

Despite the challenges, we were able to maintain our training budget and keep to our commitments, delivering the required compliance and business critical training, and priority skills development programmes.

While our formal approach to performance management has experienced challenges and delays during the pandemic, greater use of online platforms has often increased the frequency of interactions between people within the Company.

Transitioning to highly resilient structures

Against the challenging backdrop of the Covid-19 pandemic, Pick n Pay has been building a more resilient, adaptable and sustainable business.

1

In January 2020, we launched an internal change programme, Project Future, towards a leaner, simpler and more effective organisation for the benefit of all. This has included increasing efficiency in our operations, reducing waste generated in our operations and offices, and being more effective in our use of resources, including property, energy and water.

In streamlining our human resources, we initially implemented a voluntary severance programme (VSP) at the start of FY21, which enabled employees to choose to leave the business on a voluntary basis, with a more generous package than would be the case with any statutory retrenchment programme.

2

3

We then undertook a section 189 retrenchment process, primarily in the corporate divisions. The 90-day consultation process was well controlled and executed. Recognising the heightened impact of the exercise amid the uncertainty and challenges presented by the pandemic, we ensured that the process was managed with extreme care and consideration.

In FY20, Pick n Pay re-organised its store operations into three segments – Value, Core and Select. Customer-led store segmentation has enabled the team to optimise product range, price and promotion and engagement for the customer served.

4

In supporting affected employees, we implemented additional channels of digitally enabled engagement, engaged a third-party employee well-being support provider, and offered assistance with how to approach job applications and interviews, to gain alternative employment.

The restructuring involved downsizing, upsizing or a reshuffling of the staffing requirement in the respective corporate divisions. This has ensured a more resilient, fit for purpose organisation. We have also been modernising our ways of working, including the structure and organisation of our head office teams, our meeting and decision-making processes, and our use of information and other technologies to strengthen our capacity and systems to ensure operational resilience in an uncertain future.

We aim to use communications to empower our employees and get everyone aligned on priorities in the business. Across the business we have passionate ambassadors who set a leading example to their peers through their actions and behaviour.

Maintaining connection and developing capabilities

In preventing the spread of Covid-19, we have all had to adjust to new ways of behaving and working. Pick n Pay had to rapidly learn and adjust our policies and practices in line with evolving circumstances.

Keeping connected

We communicate with our workforce through different channels, including radio and video, to appeal to different preferences and increase accessibility. We align the subject matter and content to the interests and concerns of our employees. During the pandemic we expanded our use of digital communication to ensure regular and effective engagements with our employees. Since the launch in 2018 of our innovative and informative employee mobile app, VUZU, the number of registered users has continued to increase, escalating in 2021 to more than 11 000 users. The app provides a

place where Pick n Pay employees can connect, engage, and keep informed. Employees can also view their pay slips and access important Pick n Pay information.

Access is supported through free wifi in stores and canteen areas. The app has been most used for information related to Covid-19 and mental wellness. We undertake voluntary short surveys every month on different subjects to gain insights into our employees' lives and views.

We are progressing towards adopting digitally enabled learning delivery channels, within limited infrastructure. We are also in the foundation phase of strengthening our systems for performance and talent management. A transition from manual processes to more automated process will facilitate the integration of all HR activities and centralised data to inform decision-making. The new digital platform is anticipated to be ready by the end of FY22.



Ensuring talent pipeline progress

Our 12-month training and work experience programme supports our pipeline for entry and middle management roles. It offers talent young people the opportunity to develop their knowledge and skills in the retail and commercial environments while earning an income. Most learners are Employment Equity (EE) candidates. In February 2020, 24 graduates started the programme, which we rapidly adapted to online platforms. We maintained standards and achievements while facing unprecedented challenges. Going forward, participants will not need to relocate to be physically present for training, allowing greater flexibility in our appointments.

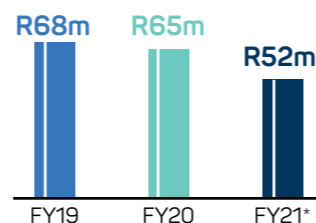
Using digital platforms, we continued to build skills levels within middle management, with 120 managers participating in our retail business performance management programme during FY21. We believe in promoting from within the Company where possible and succession planning is in place for critical business positions. Our other leadership development programmes, accredited by formal tertiary institutions in South Africa, will resume in the new financial year.

To build our talent pipeline, we offer learnership programmes that focus on scarce skills, particularly in the bakery sector which is a high production area for us, providing training and workplace experience in our stores. We offer opportunities for unemployed people and current employees, with up to 100 learners taken on each year. Pick n Pay partners with the Wholesale and Retail SETA for funding and provides 12 months of skills training for learners to complete first-level qualifications and be able to join the Company. This year in collaboration with one of our suppliers we started an entry level butchery skills programme, with an initial contingent of 20 people, with the aim of scaling up to 100 participants each year.

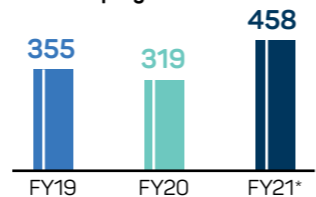
We seek to attract young talent at local Technical Vocational Education and Training (TVET) colleges to build a pool of local, skilled workers that can be recruited into their local community stores.

Pick n Pay recognises the value of the government's Youth Unemployment Service (YES) initiative in promoting the inclusion of unemployed youth into companies, but is not currently a participant owing to the success of our existing internal initiatives, notably our graduate programme and retail operations learnership programme, in enabling us to promote and include unemployed youth into Pick n Pay. Our investment in training focuses on building a diverse team, with 98% of spend on black employees and 67% of spend on female employees.

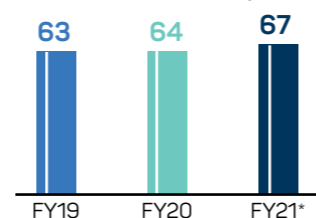
Total investment in training, including bursaries



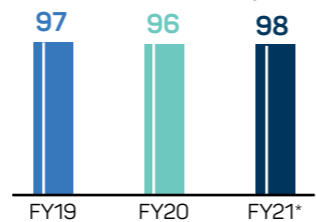
Number of learners in learnerships, internships and apprenticeship programmes



Training spend on female employees trained as % of total spend



Training spend on black employees trained as a % of total spend



* Impacted by Covid-19 pandemic.

Growing a diverse and inclusive culture

Our customers should see in Pick n Pay's people a reflection of themselves and their communities. We aspire to create a work culture in which diversity is integral, evident and valued for the benefits it brings us.

Our strategy is aligned with the implementation of our five-year employment equity (EE) plan developed in 2019, which sets progressive EE targets through to 2024 as well as commitments and interventions aimed at advancing progress in specific areas.

We prioritise the development of black talent to accelerate diversity in our managerial ranks. Going forward, EE headcounts will form part of KPIs of all personnel who make decisions about hiring and promotions.

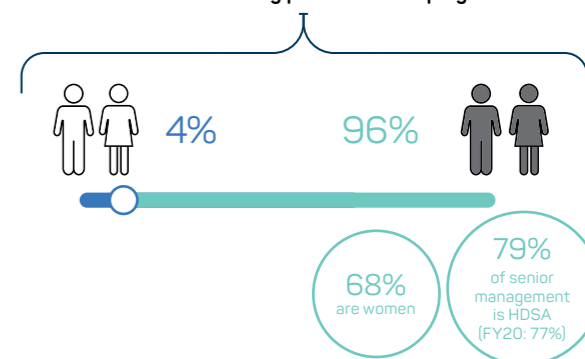
Supporting the delivery of our EE plan, in March 2021, we finalised a diversity and inclusion (D&I) strategy which provides a roadmap to deliver on clear objectives.

The first step will be to establish a baseline assessment of our diversity and inclusion culture climate and identify issues to be addressed. To manage our approach and activities, we will be establishing a D&I forum made up of a group of employees that represent a spectrum of D&I indicators. We will also be establishing an objective recruitment committee comprising a core group of senior leaders in the Company to ensure that unconscious biases are eliminated from promotion and recruitment practices. Our D&I strategy will ensure that operational policies are gender-neutral and non-discriminative.

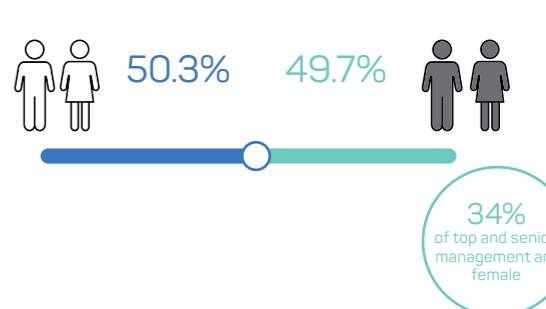
In addition to our D&I strategy, we have various anti-discrimination policies aimed at ensuring we enable a culture where all our employees feel welcomed, where they believe and know they are treated fairly and are not discriminated against. This year we implemented initiatives aimed at generating greater awareness and discussion on gender diversity.

The EE plan focuses on transforming the workforce through targeted talent development plans and ensuring that incoming recruits better reflect local demographics, with a particular weighting to historically disadvantaged groups.

Historically disadvantaged South Africans (HDSA) as a % of total Pick n Pay permanent employees



% of HDSA members at top management, including executive Board directors and members of the executive committee



The Group is placing an emphasis on increasing opportunities for people living with disabilities (in most cases a learning difficulty) through our retail operations learnership programme.

We have had excellent results, with 250 unemployed school leavers successfully integrated into the Company over the last three years. The entry level position equips these individuals to potentially advance within the Company.

An ethical culture builds support structures that underpin our core purpose, values and strategy – this is essential to create an inclusive work environment. Pick n Pay's Code of Ethical Conduct outlines the key behaviours and actions expected by all employees, suppliers and business partners.

During FY21, the Pick n Pay Code of Ethics was rolled out through a Group-wide ethics communications campaign, with monthly Code of Ethics features in the internal newsletter Shelf Talk and distributed through our VUZU employee app. Employees are encouraged to report any matter not aligned to the Code of Ethics, by email: speak2me@pnp.co.za. Any matter brought to management's attention, or noted by management, is fully investigated and appropriate action taken.

As a signatory to the United Nations Global Compact, we subscribe to freedom of association and the effective recognition of the right to collective bargaining. In South Africa, 69% of our employees are members of a trade union.



Fair and effective remuneration

The Group's remuneration philosophy is to build a diverse and high-performance team that is fairly rewarded and incentivised to deliver on the Group's strategic objectives over the short, medium and long term.

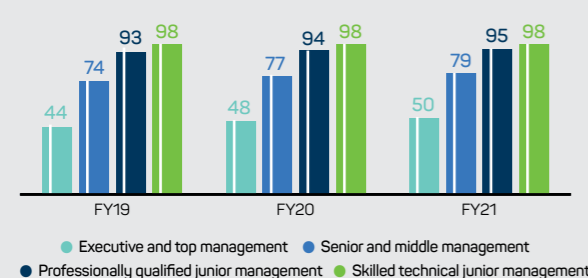
The Group's framework of remuneration policies is designed to provide our employees with fair and balanced reward that recognises the attainment of short-term goals, while incentivising long-term sustainable value creation.

The interests of our team are aligned with those of our shareholders through governance practices, which include the following key principles:

Developing diversity and talent

- The Group provides equal opportunities to people from all walks of life, to ensure our team adequately reflects the communities we serve.
- Remuneration packages at all levels are designed to attract, develop, motivate and retain the most talented staff in the retail industry.

Employment equity participation – %



Efficient and productive workforce

- The Group is committed to building a high-performance culture that rewards efficiency and productivity.
- Regular reviews are undertaken to ensure operational efficiency and cost discipline is achieved through ongoing improvements in employee structures, employee scheduling and the centralisation of support services.
- Group and individual performance targets increasingly focus on key measures of employee efficiency and productivity.

Responsible executive remuneration

- Executive directors are fairly rewarded for creating and delivering sustainable shareholder value over the short, medium and longer-term, in line with the Group's strategic objectives.
- The executive team is not unduly rewarded where performance does not meet expectations.
- The remuneration committee strives to find a reasonable balance to retain key executives and attract quality executives from outside the business, to ensure delivery against the Group's strategic objectives.
- Long-term share incentive schemes align executive and shareholder interest and promote a culture of executive share ownership.

Fair and equitable remuneration

- The Group provides a fair wage for all members of staff to help our people succeed both in and outside of work.
- Guaranteed pay and variable benefits are benchmarked against industry norms to ensure our staff are rewarded competitively in relation to the broader employment market, and the retail industry specifically.
- Independent experts assist with remuneration benchmarking to ensure that decisions are objective and fair. Advisors include PWC, REMchannel and DG Capital. Remuneration is generally positioned at the market median, with key or scarce skills remunerated in the upper quartile of the market.
- The Group is committed to furthering the economic empowerment and well-being of employees and as such the provision of retirement and health care benefits is a key part of our employee value proposition, alongside opportunities for ongoing skills development, bursaries and study grants.
- Comprehensive statistical analysis is performed on an ongoing basis at all levels of staff (with reference to the scale of each role and the experience and tenure of each staff member) to identify and correct any differential pay rates based on either race or gender, and to ensure employees are always rewarded fairly in relation to their peers, in adherence to the principle of equal pay for equal value.
- There is equal opportunity across the Group for growth and development and staff are recognised and advanced based on merit.

As a responsible corporate citizen, proud of our history and commitment to all our employees and being an ambassador for employment equity, we devote the necessary focus to important issues of employment equity, gender equity and pay parity.

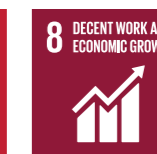
Our commitment to employees:

- We take deliberate action to achieve employment equity and gender targets
- We are equitable in our recruitment
- We guarantee equal pay for equal work
- Everybody has the opportunity to progress in the Group



We believe that doing good is good business. Customers reward businesses which they believe are at the heart of society and give back to the communities they serve. As customers reward us with their loyalty, we can grow, serve more customers, generate more jobs and help build resilience in more communities.

HELPING TO EMPOWER OUR COMMUNITIES



28 million meals provided to vulnerable people through the Feed the Nation Foundation

839 tonnes of food at a value of **R38 million** donated for the benefit of 800 NGOs

R41.3 million corporate social responsibility spend

R8 million worth of clothing donated to Clothing Bank

2.3 million learners at **3 155 schools** supported through the Pick n Pay School Club

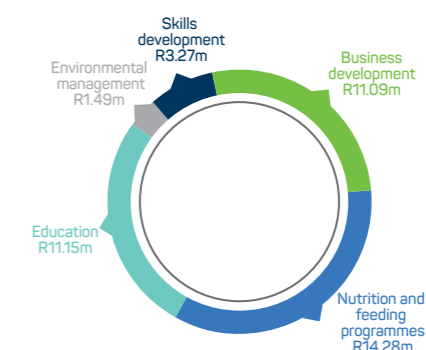
6 607 active community gardens and **2 000 home gardens** supported by the Ackerman Pick n Pay Foundation to date

8.4 tonnes of educational material distributed through Pick n Pay School Club in FY21, **388 tonnes** distributed since 2003

20 000 pencil cases distributed through Pick n Pay School Club

Our CSI contribution

Corporate social investment



Feed the Nation Foundation: Supporting people in need

Pick n Pay's unwavering instinct to help those in need has never been more important than during the Covid-19 pandemic. In partnership with all our key stakeholder groups, our Feed the Nation programme has done incredible work to supply food to some of the most vulnerable in our society.

With South Africa facing a hard lockdown at the end of March 2020 to manage the national disaster, the Feed the Nation initiative started as a way for Pick n Pay to rally support for those left most vulnerable during the Covid-19 crisis, especially old-age homes needing support and children who were dependent on feeding schemes that were suspended.

1

We made an initial donation of R5 million, which was increased by Pick n Pay executives donating a portion of their salaries.

2

In just 10 days, the public raised an additional R2.9 million.

We encouraged our customers to make a R21 donation (which can provide someone with daily nutritious meals for a week) or to contribute essential items in trolleys at the front of stores.

We offered customers the opportunity to purchase food hampers valued between R250 and R800, and we instituted a virtual voucher and other electronic systems to facilitate this process.

3

The Feed the Nation campaign grew with such magnitude that it registered as a public benefit organisation, the Feed the Nation Foundation, in June 2020, with funding secured from various corporates and relief organisations.



4

In October 2020, we hosted an online Feed the Nation recognition ceremony to honour those employees from our stores, offices, Pick n Pay School Club and distribution centres, including Boxer employees, who have gone the extra mile during the pandemic.

During our 10 Days of Giving campaign in stores in December 2020 all donations made by Pick n Pay customers to the Feed the Nation Foundation at the till points were matched by Pick n Pay, up to the value of R100 000 over that period.

Campaign achievements at year-end

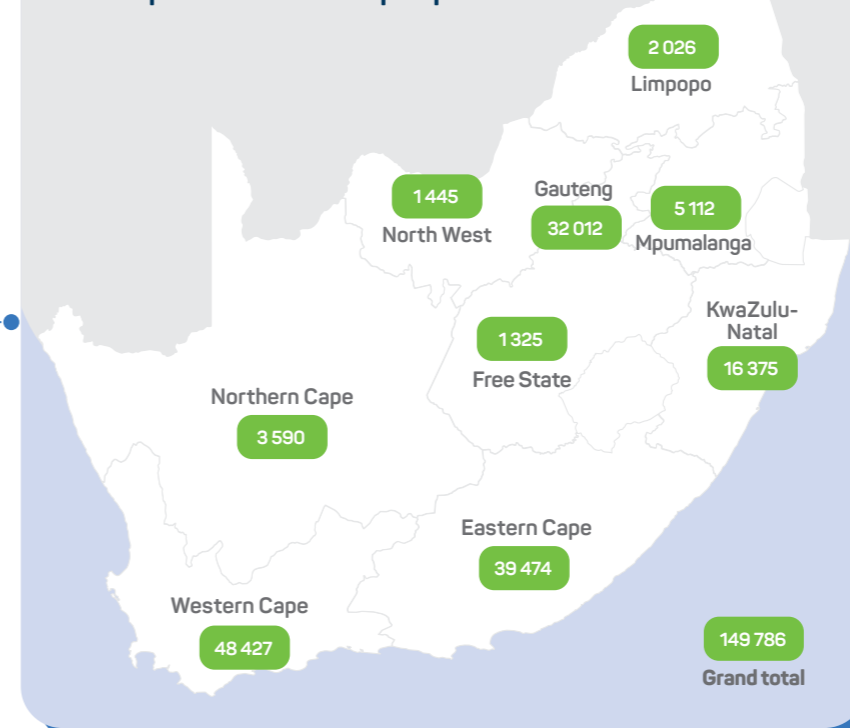
R125 million raised in total

150 000 hampers and 28 million meals donated to vulnerable families across South Africa

Various accolades were awarded to the Feed the Nation Foundation and its founder and trustee, Suzanne Ackerman-Berman, including at the ABSA Jewish Achievers Awards 2020, in November 2020, and the 2020 Humanitarian Mbokodo Award

The momentum of the campaign is being maintained and we are collaborating with the Feed the Nation Foundation towards making its strategy more sustainable in the long term. This will empower communities receiving food hampers with the ability to grow some of their own food. This approach is being developed in partnership with leading organisations in the implementation and support of food gardens. A six-month pilot project is in progress in conjunction with the Kolisi Foundation and Reel Gardening in Zwide, Eastern Cape.

Hampers distributed per province



Key Feed the Nation partnerships

Feed the Nation started when Pick n Pay partnered with Joint Aid Management (JAM), FoodForward SA, and SA Harvest in April 2020 to provide food relief to South Africans impacted by lockdown regulations and Covid-19.

Afrika Tikkun was another key partner, distributing hampers to thousands of people in need. This included the packing, transport and distribution of more than 26 000 hampers in two weeks to beneficiaries in Cape Town and Johannesburg in April 2020.

Pick n Pay worked alongside the Solidarity Fund to convert funds into food hampers and collaborated with companies such as Coca Cola and Unitrans to facilitate the transportation and delivery of the hampers.

Many suppliers generously donated products to help Feed the Nation, including the Willowton Group, Colgate, Danone and Kellogg's.

Local celebrities including the DHL Stormers rugby team helped to create awareness and raise funds.

Our partnerships include the Bryan Habana Foundation, The Kolisi Foundation, Courage Hout Bay and the Living Hope, the Laidlaw Foundation, the Cape SA Jewish Board of Deputies, the Cape Town Cycle Tour, Mellon Educate, the V&A Waterfront, UNIMA-SA, United Ways SA and the Click Foundation.

Other inspiring contributions included Mastercard coming on board to donate meals to Feed the Nation every time someone made a Pick n Pay online purchase. Feed the Nation has also received generous support from ABSA, Standard Bank, Investec, and the Moshal Brothers.

With the continued help of our CSI and School Club teams, we started a relief effort to help more than 10 000 child-headed households within our School Club programme, assisting youngsters who have taken on the added responsibility of being the parent in a household.

Thanks to our established network and efficient supply chain, we could support welfare organisations and charities to further increase their reach. Our employees have been at the heart of these efforts, working alongside amazing organisations to pack and distribute food parcels to some of the most remote and rural parts of South Africa. Our efforts have involved committed behind-the-scenes logistical efforts and superb planning.

Distributing excess food

Hunger and malnutrition are stubborn challenges in most African countries, affecting people's abilities to reach their full potential and a country's ability to reach its development goals. Reducing food waste is one simple and powerful way to increase food security. For a number of decades, Pick n Pay has been assisting in alleviating hunger in South Africa through the donation of surplus nutritious food.

Pick n Pay has a longstanding partnership with the non-profit organisation FoodForward SA, whose mission is to safely and cost-effectively secure quality food and make it available to those who need it. Our collaboration has been further strengthened through our sustained national Feed the Nation food drive over the last year, discussed on page 45.

During FY21, we contributed 840 tonnes of edible surplus food from our stores for distribution to 800 beneficiary organisations, which contributes to FoodForward SA's efforts to reach more than 500 000 people every year.

In FY21, as we were unable to host our annual Mandela Day food drive packing events due to Covid-19 regulations, we expanded our Feed the Nation campaign by committing to match all donations made at till points nationwide on Mandela Day, Saturday, 18 July. Customer donations totalled R109 000 on Mandela Day and ultimately more than R750 000 in donations was received during the campaign, which was distributed to SA Harvest, Afrika Tikkun and JAM South Africa.

Pick n Pay's valuable partnership with FoodForward SA is also supporting the development of innovative food-banking programmes such as a mobile rural depot model that is helping to address food insecurity in vulnerable rural communities. We also continue to broaden our partnership with FoodForward SA to include excess food in our supply chain through our strategic food loss and waste reduction efforts, reviewed on page 29.

Supporting education

Now in its 18th year, Pick n Pay School Club is one of South Africa's most dynamic and successful platforms through which schools benefit from business participation in education, and is a pillar of our active participation in the communities in which we work and live.

The platform delivers much-needed educational support that is curriculum compliant (CAPS) in the form of teacher guides, learner worksheets, posters, DVDs and recognition programmes. This unique, brand-funded material is designed to facilitate the learning process and culminates in assessment of competency according to the standards set for each specific grade (Grade R to Grade 12).

The free educational material supplied is co-created with partners and updated annually. It addresses nutrition, maths, science, literacy as well as health and sustainability topics. Pick n Pay School Club is expanding its reach and impact through social media platforms. This is enabling better interaction with parents and teachers and provides a powerful educational channel including for health and environmental-related issues

An integral part of Pick n Pay School Club is its Hero Awards programme which celebrates learners who have set a shining example at their school for value-based acts of heroism such as kindness or selflessness, or doing good for the environment or social upliftment.

In progressing education into the digital space, Pick n Pay School Club has included access to digital content through its website for free to its schools.

✔ In FY20 we expanded our support for learners offering more than 10 000 pages of free CAPS-aligned digital content.

✔ Pick n Pay provided 20 000 free education licences in both FY21 and FY20.

✔ Through social media, we raised awareness that any parent or teacher needing online education content to help them teach their school-going children could go online through the Pick n Pay School Club website, register and select and download the full-year curriculum for up to three different grades.

Pick n Pay School Club continues to diversify its contribution to learning and eco-awareness. This includes partnering with Finding Thabo, an innovative, play-based game of discovery, specifically developed (by the Reach Trust) for children in Grade R and Grade RR (four to five year olds). The game promotes curiosity and encourages children to explore the world around them. There are 10 interactive pictures in the series – each representing a different scenario – with dozens of different items to find. Each picture is accompanied by an easy-to-use Teacher Guide.

Launched in 2003, Pick n Pay School Club is the largest brand-funded educational resource programme in South Africa, reaching over

110 425 teachers,
2 366 250 learners and
3 549 375 guardians

in 3 155 private, urban, sub-urban and rural schools across South Africa. The footprint continues to grow as we open new stores and identify local schools to register.

The initiative was awarded the prestigious 2020 Triologue Strategic Corporate Social Investment Award

in recognition of best practice in strategic CSI and the scale of impact generated.



The strong relationships and connections forged with the schools participating in the programme have been pivotal during the Covid-19 pandemic in facilitating our extensive community relief efforts.

Pick n Pay School Club intensified its support during the lockdown and played a critical role in identifying children most in need of food donations thanks to its extensive reach in communities, especially in rural areas or those without access to services.

At the onset of the pandemic, in partnership with The Willowton Group, we distributed more than 750 000 soaps through Pick n Pay School Club connections to schools, old-age homes and various other places in need, and together with the non-profit Feed the Nation Foundation, we provided over 3.5 million meals to over 29 530 learners in need. Priority was then given to child-headed families and destitute families so that we could support them and help these children focus on their education.

Activating eco-awareness

Engaging Pick n Pay School Club members in enterprising socio-environmental initiatives

In collaboration with Clover Danone, Pick n Pay School Club members found ways to turn yogurt tubs into plastic desks, to be introduced in 100 schools. Over 20 000 Pick n Pay School Club learners received back to school pencil bags made from recycled plastic bottles.

Supporting good hygiene for learners, we are distributing 1 060 buckets of environmentally friendly wipes (each containing 2 000 wipes) to schools and ECD centres in need, across 10 regions.

Pick n Pay School Club members regularly participate in Pick n Pay-organised community clean-ups aimed at engaging our youth in making a positive impact on the environment.



In supporting youth development, Pick n Pay is a longstanding sponsor of the Velokhaya Life Cycling Academy in Khayelitsha. This not-for-profit organisation uses cycling-based programmes to involve township youth in a positive after-school activity, promoting life skills and opportunities. In 2019 we funded the establishment of a new kitchen at the academy that serves nutritious meals. Our partnership with Infinite Family provides online video mentoring to teens attending Velokhaya.



Pick n Pay has supported the Velokhaya Life Cycling Academy in Khayelitsha since its establishment in 2004.

In addition to supporting people with our food products, we leverage our clothing products to support various good causes.

- To raise funds for our Feed the Nation campaign, we developed a special range of baby bibs, with a percentage of each sale being donated, and for every Pick Local re-usable bag sold, Pick n Pay donates R5 to the campaign.
- As part of our commitment to the annual 16 Days of Activism against Gender-Based Violence campaign, in 2019 we produced and sold #HearMeToo branded T-shirts in our stores, and a limited edition #SpeakOut re-usable bag, with R5 from each sale being donated to two organisations: Rape Crisis (supporting rape survivors on the road to recovery) and A21 (helping to abolish slavery in the 21st century).
- To support Covid-19 prevention measures, we donated around 500 masks to the Velokhaya Life Cycling Academy in Khayelitsha. In June 2020, we produced 140 000 limited-edition 25th anniversary rugby world cup Springbok supporter face masks, raising funds for the Players' Fund for injured rugby players.
- Pick n Pay Clothing donates all damaged and return items to Clothing Bank. In FY21 we donated clothing to the value of R8 million. The Clothing Bank has more than 700 active businesswomen, who sell clothing for a profit of R30 million every year.
- Pick n Pay has collaborated with the Sunflower Fund for 18 years. In FY20 we sold more than 130 000 "tope" bandanas during the Sunflower Day campaign, raising R3.9 million to help the fund find life-saving donors for people with a blood disease. In FY21, we sold a limited edition new "be a hero" tope and raised R1.7 million for the fund.
- Reach for a Dream positively impacted the lives of 350 children by partnering with Pick n Pay in their 2019 Slipper Day campaign and other events, which raised R800 000. The initiative was suspended in 2020 due to Covid-19 restrictions.
- In August 2020 we organised a clothing drive to assist children in need in South Africa. Forty-five of our clothing stores placed wooden bins at the front of their shop to encourage customers to donate new or second-hand blankets and children's clothing. We collected over 69kg of items which we distributed to NGOs. The bulk went to Rays of Hope in Alexandra with the remainder being distributed to SOS Children's Villages in PE and George and Operation Smile in Cape Town.
- In December 2020, the Masiphumelele community on the Cape Peninsula suffered a devastating fire that destroyed around 1 000 homes leaving many families destitute. Pick n Pay donated food and other essential products to the value of R40 000 to non-profit organisation Living Hope to be distributed to the community.

Combating violence against women and children

Pick n Pay has continued to raise awareness on the rise in gender-based violence (GBV) in our country, which became a particular concern during lockdown in 2020. We support the annual 16 Days of Activism Against Gender-Based Violence campaign from 25 November 2020 to 10 December 2020, to challenge and eradicate violence against women and children. In the lead-up to this campaign, we held a series of webinars in partnership with 1 000 Women 1 Voice during Women's Month in August, to have meaningful conversations around issues of GBV and other concerns affecting women, children and minority groups in South Africa.



08

STRATEGY, GOVERNANCE AND REPORTING

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Sustainable living strategy

Sustainability at Pick n Pay is about People n Planet. Our sustainable living strategy informs the decisions we make at every interface with society and the environment. Our sustainability goals and commitments seek to provide clarity in a highly complex space. This makes it easier for our employees to align behind our ambition to be a force for good.

To restore the business to a position of long-term sustainable growth, the Group formulated a strategic, three-stage turnaround plan in 2013. The Group recognised that a sustainable recovery would require a planned, considered and balanced approach over several years, and it continues to avoid short-term thinking that might weaken the business over the longer term.



Stage 1: Stabilise the business

Stage 1 focused on stabilising the Group's operations and its financial position, while developing a solid foundation and plan for growth. The Group's refocused sustainability initiatives across its ESG landscape also contributed to the successful completion of Stage 1 in 2015, in particular the Group's sustained efforts to reduce resource consumption and increase resource efficiency across its operations.

Stage 2: Change the trajectory

Throughout Stage 2, the Group has focused on strengthening its customer offer. ESG sustainability initiatives remain an important cornerstone of the Group's efforts to build a long-term sustainable business. Our development of smaller suppliers, including through our expanding own brand product range, is promoting food security and building economic growth across our value chain.

The Group's sustained and consistent execution of its strong and customer-centric long-term strategy over the past eight years has successfully built six clear engines of growth for sustainable long-term value creation.

- Pick n Pay: South Africa's most trusted retailer
- Boxer: Africa's favourite discount supermarket
- Bearing down on costs: Building a leaner and more effective operating model
- Value-added customer services: Convenience, innovation and personalisation
- Expansion in Africa: Growing returns at acceptable risk
- Force for good: Responsible retailing

Force for good is where our sustainable living strategy links up with our business strategy

As our formal sustainability journey enters its fifth decade, our sustainable living strategy has evolved to enhance co-ordination of our efforts. The global pandemic highlighted the need for balance between a more proactive role and our ongoing work behind-the-scenes. The critical need to feed the nation demanded immediate outreach and activism. At the same time, we continued ongoing engagements to reduce plastic across the value chain and deepen our alignment with the global SDGs. These challenges and opportunities prompted the latest revision of our strategic sustainability framework and will increasingly inform our Group efforts in the years ahead. Three high-level goals focus our resource investment, while allowing a flexible response to a dynamic range of material matters and priorities.



Previous focus areas aligned with our high-level goals

Building an inclusive and ethical value chain	Advancing employee opportunity and diversity
Promoting healthy living	Doing good in the local community
Being environmentally sustainable	

This year, our business turnaround plan entered its third and final stage: a transition to sustainable, long-term growth. This marks a significant milestone in the integration of ESG factors in our strategic and operational decision-making.

A journey towards

Stage 3: Sustainable long-term growth

Stage 3 will reflect a future-fit business, characterised by:

- Strong customer loyalty and advocacy
- A resource-efficient business that is a positive force for good in the countries in which it trades
- An employer of choice that delivers opportunity for all, with gender and race diversity that adequately reflects the communities it serves
- Ongoing innovation in store and in the customer offer, including through healthier products with greater traceability
- Values which reflect corporate accountability, transparency and care

There is more to do on our journey, and the Group is well positioned to deliver on the expectations of customers, colleagues, shareholders and other stakeholders – not just in the current crisis, but in the better years to come.

SUSTAINABILITY SYSTEMS AND GOVERNANCE

Material issues

An organisation's interface with society and environment is dynamic and complex. Ongoing reflection on material issues and topics helps to ensure our day-to-day decision-making keeps abreast of this changing context. The sustainability team interrogates the sustainability landscape through constant review of new articles and reports, stakeholder inputs, industry engagements and experiences on the ground. Periodic engagement with external experts allows for deeper reflection on particular challenges and opportunities. Key issues and developments are taken to the executive sustainability steering committee on a quarterly basis for review and oversight. A formal materiality review is carried out by the Board as part of our annual integrated reporting cycle.

Material matters		
Key sustainability challenges that informed our decision-making in 2020/1		
SOIL TO SHELF Support small businesses Promote local with passion Ensure ethical supply chains Support climate adaptation Offer sustainable products	WASTE LESS Think circular Reduce food waste Innovate to minimise packaging Improve energy and water efficiency	HEALTH, SAFETY AND WELL-BEING Guard against Covid-19 infection Support mental and physical well-being Ensure a safe and healthy work environment
HEALTHIER FOOD AND LIFESTYLES Encourage healthy, balanced lifestyles Promote healthier food choices Ensure food safety and quality Innovate for customer convenience and value	HELPING TO EMPOWER COMMUNITIES Support vulnerable families Distribute excess food Grow community through food gardens Support education	STABILITY AMID UNCERTAINTY Transition to highly resilient structures Maintain connection and develop capabilities Grow a diverse and inclusive culture

Sustainability governance

Accountability for Pick n Pay's sustainability performance is held by the **Board**. To facilitate this oversight role, the **social and ethics committee** provides strategic guidance and recommendations in respect of the sustainable living strategy. The Board reviews the Group's strategic performance on an annual basis and is updated on the KPIs every quarter.

Executive leadership is undertaken by the **Group executives**, with direct responsibility held by the **Transformation Director**. Cross-functional leadership is facilitated by an **executive sustainability steering committee** which meets on a quarterly basis. The **sustainability team** co-ordinates and implements the sustainability efforts across the Group. It is supported by a quarterly **operational sustainability steering committee**.

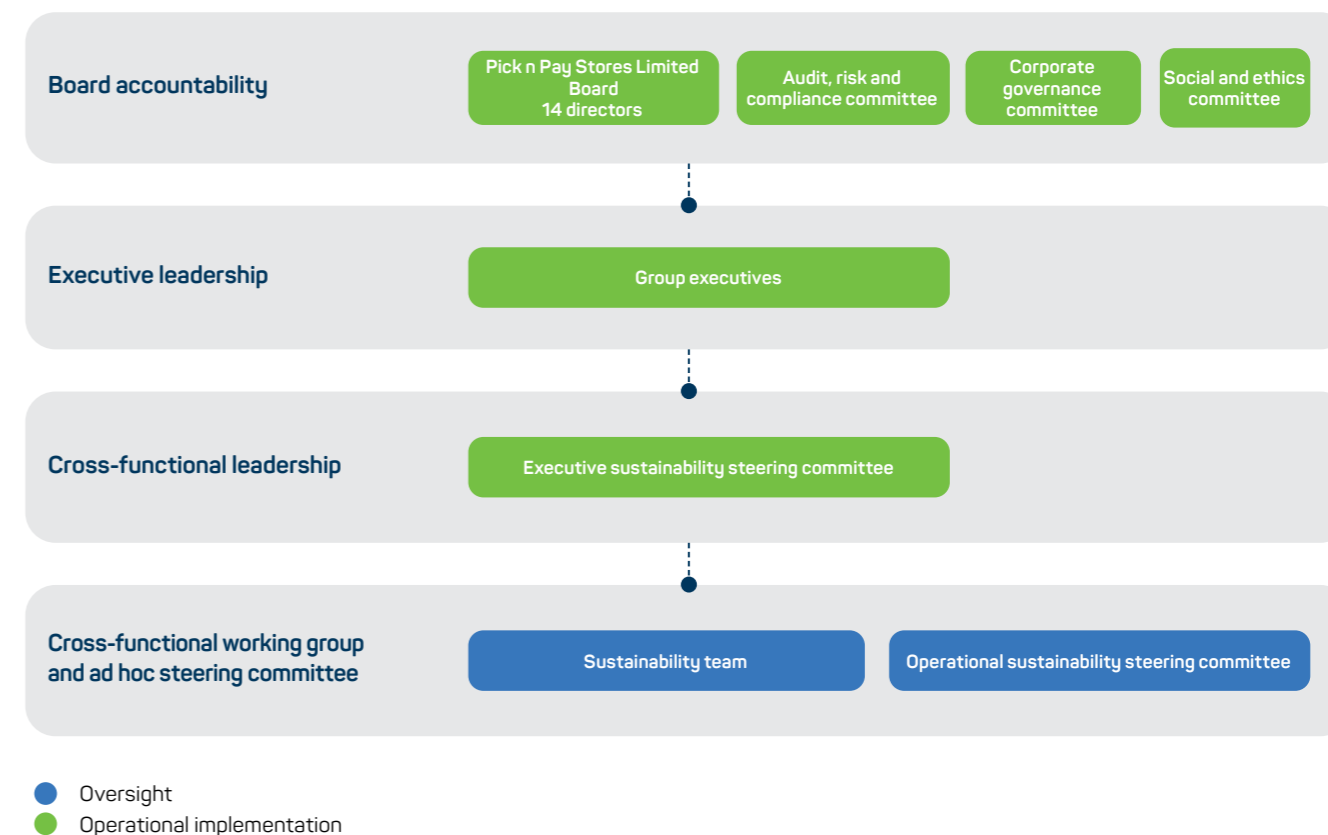
All Pick n Pay employees play a role in contributing towards achieving our sustainability objectives. This sense of ownership and responsibility is supported by ongoing awareness and opportunities for direct involvement in sustainability initiatives.

Policies and management systems

Issues raised frequently by our customers are addressed in policies and available on our website at <https://www.picknpayinvestor.co.za/doing-good.php>. These include: Palm Oil, rBST, sustainable packaging and seafood. Our Code of Ethics is available on the website.

Strategic integration of sustainability efforts requires increasing systematisation of operational issues. We have developed a digital dashboard for managing priority environmental data streams, including waste and energy. As our effort matures, we will integrate more sustainability data streams into this system. This will facilitate our ability to respond to the increasing ESG disclosure expectations of stakeholders, including investors.

Sustainability governance



Reporting and disclosure

We present an overview of our sustainability performance in our Integrated Annual Report and publish a detailed Sustainable Living Report on a bi-annual basis. In addition, the following reports are available annually on our website:

- CDP Climate Change
- CDP Water
- Social and Ethics Committee Report
- Corporate Governance Report
- ESG Data Matrix

There have been significant developments in the ESG disclosure arena over the past year. We have noted some consolidation of ESG standards bodies and continue to track the evolving requirements of various ESG rating agencies. Our developing ESG data management system is aimed at enhancing our ability to meet the evolving disclosure expectations of our key stakeholders.

We comply with all relevant codes and regulations, including codes of good governance such as King IV. We have retained our listing on the FTSE/JSE Responsible Investment Index Series. Pick n Pay remains committed to supporting and upholding the Ten Principles of the United Nations Global Compact. We continue to align our sustainability work with the global SDGs. Our present efforts contribute directly to seven of the global goals, as reflected on our strategic framework. A project is underway to assess our indirect contribution to additional global goals.

Assurance

Accredited service providers have verified selected performance metrics contained in this report, including our carbon footprint and our BBBEE rating.

REPORTING AND OTHER GOVERNANCE COMMITMENTS

Climate disclosures related to the recommendations of the TCFD

Our TCFD alignment journey is at an early stage. Over the coming year we will be doing a thorough review of our strategies and plans to build on our experience with CDP Climate and Water disclosures. Pick n Pay performs well on CDP, receiving an A- rating in CDP Water and a B for CDP Climate (2020 submissions).

The following table offers guidance on where to find interim information relating to each of the TCFD recommendations.

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosures	References
a) Describe the Board's oversight of climate-related risks and opportunities.	CDP Climate Response 2020, section C1
b) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP Climate Response 2020, section C1

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosures	References
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	CDP Climate Response 2020 (Q. C2 Risks and opportunities)
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	CDP Climate Response 2020 (Q. C3.1)

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosures	References
a) Describe the organisation's processes for identifying and assessing climate-related risks.	CDP Climate Response 2020 (Q. C2.2)
b) Describe the organisation's processes for managing climate-related risks.	CDP Climate Response 2020 (Q. C2.1, C2.2)
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	CDP Climate Response 2020 (Q. C2.1, C2.2)

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosures	References
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP Climate Response 2020 (Q. CC2.2, 2.3a and 11.3a)
b) Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SLR, pages 2, 6, 34 and 61
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	SLR, pages 27, 31





09 ESG PERFORMANCE DATA

60 High-level ESG performance data



Peter Nyathi, Founder of Tropical Mushrooms

HIGH-LEVEL ESG PERFORMANCE DATA

ESG sustainability initiatives remain an important cornerstone of the Group's efforts to build a long-term sustainable business, including greater resource efficiency, a reduced carbon and plastic footprint and lower levels of food waste. Our data management processes will be reviewed to improve the accuracy of the data and we will add additional metrics over the coming years as data becomes available.

PICK N PAY ESG DISCLOSURE	Boundary	FY21	FY20*
General disclosures			
Turnover	PnP Group	R93bn	R89bn
Return on Capital Employed	PnP Group	40%	44%
Turnover – South Africa	PnP Group	R89bn	R85bn
Turnover – Rest of Africa	PnP Group	R4.26bn	R4.6bn
Comparable headline earnings per share	PnP Group	235 cents	283 cents
Total number of stores	PnP Group	1994	1925
Number of company-owned stores	PnP Group	1172	1092
Number of franchise stores	PnP Group	761	774
Number of associate-owned stores	PnP Group	61	59
Number of stores in South Africa	PnP Group	1831	1771
Number of stores in Rest of Africa	PnP Group	163	154
Number of new stores opened	PnP Group	112	160
Monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	PnP Group	0.00	0.00
Governance			
Number of Board members	PnP Group	14	13
Number of non-executive Board members	PnP Group	10	8
Number of independent Board members	PnP Group	7	5
Percentage of Board members who are deemed Historically Disadvantaged South Africans (HDSA)	PnP Group	36%	40%
Percentage of Board members who are women	PnP Group	36%	33%
Board meeting attendance	PnP Group	100%	100%
Social and ethics committee meeting attendance	PnP Group	100%	50%
Labour			
Number of corporate employees	PnP Group	55 200	54 900
Percentage of employees in South Africa	PnP Group	85%	83%
Percentage of employees in rest of Africa	PnP Group	15%	17%
Percentage of top management deemed HDSA	PnP Group	49.7%	48.5%
Percentage of senior management deemed HDSA	PnP Group	79.1%	76.8%
Percentage of professionally qualified middle management HDSA	PnP Group	95.3%	93.8%
Percentage of skilled technical and junior management	PnP Group	98.4%	98.2%
Percentage of semi-skilled and discretionary decision-making	PnP Group	99.9%	99.8%
Percentage of unskilled and defined decision-making	PnP Group	99.8%	99.8%
Percentage of management (top and senior) who are women	PnP Group	34%	-
Percentage of employees who are deemed HDSA	PnP Group	96%	-
Percentage of employees who are women	PnP Group	68%	-

* Certain statistics were only reported on from FY21.



PICK N PAY ESG DISCLOSURE

	Boundary	FY21	FY20*
Labour (continued)			
Percentage of employees who belong to a trade union/collective bargaining agreement	PnP Group	69%	-
BBBEE level	PnP Group	Level 7	Level 7
Staff turnover	PnP Group	15%	17%
Total number of employees participating in training interventions	PnP Group	9 328	10 979
Total investment in training, including bursaries	PnP Group	R51.57m	R65.19m
Training spend on female employees trained as % of total spend	PnP Group	67%	64%
Training spend on HDSA employees trained as a % of total spend	PnP Group	98%	96%
Number of learners in learnerships, internships and apprenticeship programmes	PnP Group	458	319
Percentage of HDSA learners in learnerships, internships and apprenticeship programmes	PnP Group	95.4%	99.7%
Number of employees who completed customer services training	PnP Group	249	1 077
Total expenditure on employees	PnP Group	R7.9bn	R7.3bn
Health and safety			
Fatal accidents (employees)	PnP Group	0	0
Number of lost time injuries (i.e. injuries on duty leading to at least one lost day)	PnP Group	1 157	1 535
Number of store operational health and safety audits	PnP Stores SA	4 594	4 830
Number of supplier site visits by Pick n Pay Food Technologists	PnP Stores SA	789	917
Number of food safety product tests (Including routine microbiological tests, residues, shelf-life, nutritional information)	PnP Stores SA	3 495	3 585
Number of food safety store audits	PnP Stores SA	7 147	7 344
Environment			
Carbon footprint (Scope 1)	PnP Group	123 421	124 858
Carbon footprint (Scope 2)	PnP Group	766 174	862 372
Carbon footprint (Scope 3)	PnP Group	482 615	507 967
Total carbon footprint (Tonnes CO ₂ e)	PnP Group	1 372 210	1 495 197
Carbon footprint – Scope 1 emissions from refrigerants	PnP Stores SA	100 021	99 551
Carbon emissions per square metre reduction (FY13 baseline)	PnP Stores SA	6.45%	1.90%
Total water withdrawals (ML)	PnP Stores SA	1 006	1 117
Energy intensity reduction (FY09 baseline)	PnP Stores SA	43.60%	37.40%
Total energy consumption MWh	PnP Group	780 797	860 911
Energy intensity (kWh/m ² /month)	PnP Stores SA	54	59
Renewable energy generated (MWh)	PnP Stores SA	7 773	7 726
Percentage of waste diverted from landfill	PnP Stores SA	61%	60%
Total waste recycled (Tonnes)	PnP Stores SA	19 943	20 813
Cardboard and paper recycled (Tonnes)	PnP Stores SA	17 577	16 944
Plastic recycled (Tonnes)	PnP Stores SA	2 234	3 752
Metal recycled (Tonnes)	PnP Stores SA	10	13

* Certain statistics were only reported on from FY21.

PICK N PAY ESG DISCLOSURE

	Boundary	FY21	FY20*
Environment (continued)			
Electrical items recycled (Tonnes)	PnP Stores SA	1.16	2.8
Percentage of food waste reduction (FY19 baseline)	PnP Stores SA	(32.5%)	(15.6%)
Percentage of food waste diverted from landfill	PnP Stores SA	14.40%	15%
Excess food donated (Tonnes)	PnP Stores SA	840	1 651
Food waste recovered (Tonnes)	PnP Stores SA	956	896
Number of environmental incidents (Level 1, 2 and/or 3)	PnP Group	0	0
Number of environmental fines and/or non-compliances	PnP Group	0	0
Number of re-usable bags sold	PnP Stores SA	1 639 547	2 267 892
Number of People n Planet clean-ups	PnP Group	5	22
Number of volunteers at People n Planet clean-ups	PnP Group	410	1 426
Total waste collected at People n Planet clean-ups (kg)	PnP Group	1 167	1 978
CDP Climate	PnP Group	B	A-
CDP Water	PnP Group	A-	B
CDP Forests	PnP Group	C D C	-
Value chain			
Percentage of clothing suppliers registered on SEDEX	PnP Stores SA	77%	-
Food waste – Number of suppliers part of 10x20x30	PnP Group	20	20
Number of entrepreneurs enrolled in ESD programme	PnP Stores SA	150	125
Number of employees providing ESD mentorship	PnP Stores SA	200	150
Percentage centralisation – Pick n Pay	PnP Group	80%	80%
Percentage centralisation – Boxer	PnP Group	55%	45%
Palm Oil – % of suppliers that are members of RSPO	PnP Stores SA	30%	-
Sustainable seafood % of sales	PnP Stores SA	95%	95%
Sustainable seafood % of species	PnP Stores SA	79%	75%
Percentage of sustainably sourced cotton (BCI)	PnP Stores SA	6.5%	0%
Percentage of private label sow crate friendly pork	PnP Stores SA	100%	100%
Spend on BBBEE businesses	PnP Group	R54.5bn	R52bn
Spend on black-owned businesses	PnP Group	R7.7bn	R8.4bn
Spend on black women-owned businesses	PnP Group	R5.2bn	R4.8bn
Spend on black-owned SMMEs	PnP Group	R2.6bn	R2.7bn
Spend on SMMEs	PnP Group	R4.5bn	R4.6bn
ESD spend	PnP Group	R15.5m	R15m

* Certain statistics were only reported on from FY21.



PICK N PAY ESG DISCLOSURE

	Boundary	FY21	FY20*
Community			
Total CSI expenditure	PnP Group	R41.3m	R34m
Rand value of CSI/ESD spend on basic needs and social development, including nutrition and/or feeding programmes	PnP Group	R14.28m	-
Rand value of CSI/ESD spend on education	PnP Group	R11.15m	-
Rand value of CSI/ESD spend in environmental management projects	PnP Group	R1.49m	-
Rand value of CSI/ESD spend on skills development, including adult basic education and training (ABET)	PnP Group	R3.27m	-
Rand value of CSI/ESD spend on small business development projects	PnP Group	R11.09m	-
Total value of clothes donated to Clothing Bank	PnP Group	R8m	R5.9m
Value of excess food donated	PnP Stores SA	R38.8m	R80m
Value of distributions for Feed the Nation	PnP Group	R135m	0
Number of meals distributed for Feed the Nation	PnP Group	27 895 434	0
Number of schools in the Pick n Pay School Club	PnP Group	3 155	3 155
Tonnes of educational content distributed through the Pick n Pay School Club	PnP Group	8.4	8.2
Number of pencil cases distributed through the Pick n Pay Schools Club	PnP Group	20 000	16 000
Ackerman Pick n Pay Foundation community food gardens	PnP Group	6 607	5 367
Ackerman Pick n Pay Foundation home food gardens	PnP Group	2 000	1 963

* Certain statistics were only reported on from FY21.

PnP Group refers to all stores and operations; **PnP Stores SA** refers to all corporate Pick n Pay stores in South Africa, excluding Boxer and Franchise stores.

Memberships

- UN Global Compact
- Consumer Goods Council SA
- Consumer Goods Forum
- South African Plastics Pact
- SA Initiative to end Plastic Waste
- 10x20x30 Food Waste Initiative
- Consumer Goods Council Voluntary Food Waste Agreement
- Sustainable Retailer Forum (South Africa)
- National Business Initiative
- PETCO
- The Metal Packaging Association of South Africa (Metpac-SA)
- POLYCO
- Polystyrene Association of SA
- e-Waste Association of South Africa
- SEDEX
- SIZA
- Roundtable on Sustainable Palm Oil (RSPO)
- WWF-SASSI Retailer Participation Programme

CORPORATE INFORMATION

Pick n Pay Stores Limited

Registration number: 1968/008034/06
JSE share code: PIK
ISIN: ZAE000005443

Board of directors

Executive directors

Pieter Boone (CEO)
Lerena Olivier (CFO)
Suzanne Ackerman-Berman
Jonathan Ackerman

Non-executive

Gareth Ackerman (Chair)
Aboubakar Jakoet
David Robins

Independent non-executive

Haroon Borat
Mariam Cassim
David Friedland
Hugh Herman
Audrey Mothupi
Annamarie van der Merwe
Jeff van Rooyen

Registered office

Pick n Pay Office Park
101 Rosmead Avenue
Kenilworth
Cape Town 7708
Tel +27 21 658 1000
Fax +27 21 797 0314

Postal address

PO Box 23087
Claremont
Cape Town 7735

Registrar

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Tel +27 11 370 5000
Fax +27 11 688 5248

Postal address

Private Bag X9000
Saxonwold 2132

JSE Limited sponsor

Investec Bank Limited
100 Grayston Drive
Sandton 2196

Auditors

Ernst & Young Inc.

Attorneys

Edward Nathan Sonnenbergs

Principal transactional bankers

Absa Limited
First National Bank

Company Secretary

Debra Muller
Email address: demuller@pnp.co.za

Promotion of Access to Information Act

informationofficer@pnp.co.za

Investor relations

Penny Gerber
Email address: pennygerber@pnp.co.za

Website

Pick n Pay: www.picknpay.com
Investor relations: www.picknpayinvestor.co.za

Customer careline

Pick n Pay
Tel +27 860 30 30 30
Email address: customercare@pnp.co.za

Boxer

Tel +27 860 02 69 37
Email address: customercare@boxer.co.za

Online shopping

Tel +27 860 30 30 30
www.picknpay.com

Engage with us on



Pick n Pay and Boxer partnered with the Feed the Nation Foundation in the distribution of food hampers to child-headed families.

