



Pick n Pay

**HELP
MINIMISE
OCEAN
POLLUTION
WHEN YOU
RECYCLE HERE**



**ESG PERFORMANCE
SUMMARY AND DATABOOK
FOR THE 52 WEEKS ENDED 26 FEBRUARY**

2023

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Navigating this report

- References data in the appendices from page 30.
- Cross-references to our 2023 Integrated Annual Report.
- Policies available online via the hyperlink.
- Indicates our key performance targets.

GROUP ESG PERFORMANCE SUMMARY AND DATABOOK

The Group's* Environmental, Social and Governance (ESG) Performance Summary and Databook 2023 provides a high-level overview of the Group's impact on the environment, society and the economy. The report focuses on our performance during the past financial period, for the 52 weeks ended 26 February 2023, and complements the information provided in the 2023 Integrated Annual Report.

This, our second consecutive ESG Performance Summary and Databook, focuses on reporting against performance indicators aligned with investors and all stakeholders and commentators ESG expectations. The Group integrates ESG Key Performance Indicators into the Group's "Ekuseni" strategy (see page 20) and continues to enhance its disclosure against ESG indicators from a range of global ratings agencies and guidance documents. This includes improving the Group's disclosure aligned with the JSE's 2022 Sustainability Disclosure Guidance, as part of our commitment to report annually and comprehensively against relevant and credible international frameworks. Our improved data management processes have enabled us to report accurately against a wider scope of metrics.



* Pick n Pay Stores Limited, its subsidiaries and its associates, which includes its two main trading subsidiaries, Pick n Pay Retailers (Pty) Limited and Boxer Superstores (Pty) Limited (Boxer)

ABOUT US

The Group is a retail business in the fast-moving consumer goods industry. We operate through multiple store formats, with stores across South Africa, Namibia, Botswana, Zambia, eSwatini, Lesotho and Nigeria. Pick n Pay also owns a 49% share of Zimbabwean supermarket chain, TM Supermarkets.

Over the past 56 years, the Group has built a well-respected and sustainable business. We procure quality products at the best available prices, and our 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, omnichannel, liquor, clothing and general merchandise products at competitive prices. As part of our omnichannel strategy, our offering now includes both scheduled and on-demand online offerings. The Group's customer-led Ekuseni strategy continues to achieve greater efficiencies and an improved customer offer through two customer-facing brands, driving sustainable value growth for all stakeholders.

The Group is actively operationalising sustainable practices in its core activities, with an emphasis on fresh thinking and innovation, informed by a clear analysis of the significant risks and opportunities in creating a resilient business.

Our enduring values

- 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**

Highlights

R106.6 billion turnover

1 385 company-owned stores

59 819 employees in our company-owned operations

R39.1 million expenditure on Corporate Social Investment (CSI)

Listed on the FTSE/JSE Responsible Investment Index

R3.1 billion spend with SMMEs during FY23

Level 5 B-BBEE rating

Net zero carbon by 2050 target (Scope 1 & 2, FY22 baseline)

Savings from energy conservation exceed **R2 billion** since FY10

Reduced average packaging weight for Pick n Pay own brand products by **27.5%** against our 2019 baseline

91.8% of Pick n Pay branded packaging is now recyclable or reusable



Pieter Boone
Chief Executive Officer

LETTER FROM OUR CHIEF EXECUTIVE OFFICER

My career began as a management trainee for the largest family-owned retailer in the Netherlands. Over the decades, new roles allowed me to expand my perspective of business and markets. My invitation to join the Group came at the start of the Covid-19 lockdown in 2020. I knew Pick n Pay as a loved brand, with Boxer, Pick n Pay Clothing, and Omnichannel as its growth engines. This, coupled with the remarkable beauty and diversity of this country, greatly influenced my decision to accept this position.

My tenure as CEO is just short of two years now. During this time, my team and I have refocused the Group's value proposition, modernising the Pick n Pay store estate, targeting stronger like-for-like sales growth and market share gains through a Customer Value Proposition (CVP) tailored to meet the individual needs of the customers served. This has been done through the Ekuseni strategy, and I am very pleased with the progress so far. Sustainability integration has been central to this transition. The introduction of the customer value proposition (CVP) strategy has resulted in the decoupling of the Pick n Pay brand. Our brand decoupling was driven in part by the urgent need for affordable basic nutrition in this country. Load-shedding continues to have a severe impact. There is growing awareness of water security and its implications, notably for fresh produce. Demand for ethical and sustainable products lags behind European markets, but is steadily on the rise.

These trends keep sustainability at the core of our Ekuseni strategy. Launched in May 2022, it focused on serving more customers better and empowering our employees, while reducing our negative impact on the environment. Each element of Ekuseni includes opportunities for positive social or environmental impact.

The five key pillars of the Ekuseni Strategy

1. A Refined and Strengthened CVP for Pick n Pay: The successful launch of the new customer-facing supermarket banners, Pick n Pay and QualiSave, has sharpened our focus on ESG factors most material to the customer base. Pick n Pay stores, through its two trading banners Pick n Pay and QualiSave, offer 18 000 products, with an emphasis on quality, innovation and freshness. We are expanding our green and sustainably sourced product ranges, such as Live Well and Eat Well. QualiSave stores offer a tailored range of 8 000 products, with emphasis on essentials and a solid offering of fresh produce. Decreased complexity has reduced costs and improved efficiencies. This is critical in volatile commodity markets where events, including the protracted war in Ukraine, impact the availability and costs of staples such as cooking oil and maize. Viable innovations explored in Pick n Pay ranges can be reverse-engineered into the value segment of the market. By growing salads hydroponically, we can eliminate pesticides and extend shelf life. We have a large gluten-free range at Pick n Pay. In each case, we share stories and insights to encourage a positive change in behaviour.

Stringent environmental targets further strengthen our value proposition. Savings from energy conservation now exceeds R2 billion since FY10. Our reliance on keeping our stores and distribution centres operating and to sustain the cold chain during load-shedding has unfortunately impacted our carbon emissions. We are pursuing partnerships with landlords and others to scale the renewable transition across the Group.

- 2. Accelerating Boxer Growth:** Already the leading limited-range discounter in Africa, Boxer's growth has been phenomenal and underscores our recognition of growth opportunities in underserved markets. Boxer sales increased by 20.2% and we opened 60 new Boxer stores in FY23. As Boxer continues to grow, maintaining the simplicity of our model is crucial for a competitive advantage. Our challenge is to harmonise ESG standards across the Group, while simultaneously increasing affordability and inclusion.
- 3. Omnichannel and Digital Leadership:** Digital technologies help us scale our positive social and environmental impact. Pick n Pay has also expanded its on-demand grocery offer through two digital platforms; our internally generated asap! and our grocery offer on Takealot's platform Mr D. Direct-to-home delivery has the prospect of lowering Scope 3 carbon emissions.¹ We are presently engaging with Takealot on a transition to e-bikes which would reduce our delivery footprint accordingly. Digital platforms also enhance sustainability integration. Improved inventory and returns management reduce waste; streamlined engagement and feedback channels provide better customer insight, including more sustainable choices; and better data management enhances ESG tracking and disclosure.
- 4. Project Future – Funding our Strategic Ambitions:** The Group's modernisation and efficiency plan already incorporates environmental factors, such as energy, water and waste reduction. Ekuseni strategy encompasses a range of projects focused on improving efficiency, increasing flexibility, and reducing costs by R3 billion. R800 million in Ekuseni savings were achieved in FY23. Growing investor ESG awareness is now opening our access to preferential terms and lines of funding. This prospect accelerated our shift to science-based targets for greenhouse gas emissions and our commitment to disclosure in terms of the Taskforce on Climate-related Financial Disclosures.
- 5. Winning through People:** In growing future-fit, high-performing teams, we know that talented young people are attracted to companies with a social purpose and ambition. Our people strategy embraces learning and development, effective hybrid working, and diversity. More than 4 000 jobs were created in our Boxer, Clothing and Online growth engines. Our people strategy embraces learning and development, effective hybrid working, and diversity. Our drive for Junior Store Management modernisation will deliver greater efficiency and clarity. ESG pressures have accelerated rapidly, and transitions are taking some people beyond their comfort zones. There will be room for improvement, and we provide space for reflection and learning along the way.

¹ MIT's Real Estate Innovation Lab



Vaughan Pierce
Executive: ESG (Sustainability,
Stakeholder and Community)

REFLECTIONS FROM OUR ESG EXECUTIVE

I am delighted to present the Group's ESG 2023 Performance Summary and Databook. As a Group, we believe that success lies not only in financial achievements but also in our ability to create a positive impact on the world around us. Today, we want to share our unwavering commitment to Environmental, Social, and Governance (ESG) principles, which are deeply embedded in our Group ESG DNA and strategy.

As a responsible retailer, we recognise the urgent need to address environmental challenges. Our commitment to sustainability is unwavering, and we are constantly striving to minimise our ecological footprint through innovative initiatives and adopting eco-friendly practices across our operations. We continue to explore packaging alternatives, support responsible waste management, and invest in initiatives that drive biodiversity conservation. By embracing circular economy principles, we aim to build a greener future for generations to come.

The Group has long embraced the belief that "Doing Good is Good Business" and has been quietly first to market in many sustainability arenas. Legacies aside, stakeholder expectations continue to grow, and our insight into what Group-wide sustainability integration requires must follow. One year into my role, the value of ongoing access to the Board is clear. Integration requires top-down and bottom-up effort and we are seeing significant movement as a result.

Operating under pressure also highlights the importance of context. Sustainability is multi-faceted, and our customers have different priorities. Decoupling our brands has allowed us to respond to these priorities better, showing the link between sustainability and customer experience.

We understand the importance of social responsibility and its impact on the well-being of our employees, customers, and communities. We are dedicated to fostering an inclusive and diverse workplace where all individuals are treated with respect and dignity. We prioritise the health and safety of our employees, investing in comprehensive training programmes and fostering a culture of care. Our commitment extends beyond our own organisation. We actively engage in community development, supporting education, healthcare, and social initiatives that uplift disadvantaged communities. Together with our customers, we drive positive change through initiatives that address food security, access to education, and social empowerment.

Our supply chain and the products it delivers have been a key focus this year, with ongoing exploration of opportunities for increased local production, black economic empowerment, and environmental and social standards. We have renewed our truck leasing programme and have engaged Mercedes for new low-emission vehicles. We are currently also piloting a gas-powered vehicle with solar-cooled refrigeration, which we plan to roll out should the pilot prove successful.

The integration of ESG KPIs into the Ekuseni strategy has been an important milestone in this journey. As executive and staff awareness grows, we spend more time with middle managers who are critical players in waste reduction. Large cold chains require constant attention to ordering, logistics and temperature management. As each person plays their part, we are seeing how employee wellness is impacted by our ability to contribute to a bigger purpose. I believe this positive energy makes ESG performance a good indicator of overall management competence and capability.

As we progress on our ESG journey, we remain committed to continuous improvement and open dialogue. We value your feedback as we strive to integrate ESG considerations into our strategic decision-making processes. By aligning our business objectives with sustainable practices, we believe we can drive long-term value creation while positively impacting society and the environment. Please contact me at sustainability@pnp.co.za with any feedback or questions on our 2023 ESG Performance Summary and Databook.

Vaughan Pierce
Executive: ESG (Sustainability, Stakeholder and Community)

14 June 2023

Looking ahead, I see collaborative action growing in importance. A blended value proposition requires partnerships, as our decision to bring the vendor network on board at an early stage has shown. Engagement beyond the value chain is imperative and I stand fully behind the call to action in the Retail CEO letter to President Ramaphosa on the energy crisis. We have all heard warnings of 8 load-shedding for this coming winter, and the paralysing impact this may have on the country. As food chains are impacted, declining food supply will threaten social stability. This obvious chain of logic lies behind our ongoing collaborative outreach to government.

Beyond structural work to fix the electricity system, I see the need for a common agenda between business and government. Greater recognition will allow us to increase the pace of social and environmental delivery. This does not require financial investment by the state, but could take the form of incentives or a points system. As a member of the global Consumer Goods Forum, I see this approach gaining traction, driven by companies such as Unilever and PepsiCo. I recognise that we are some way off such an agenda in this country, but it could play an important role in finding a way forward.

We continue to be challenged by stakeholder groups whose expectations exceed what we can reasonably deliver at any given time. These stakeholders play an important role in driving us and to them I say, rest assured that this is on our strategic agenda. My team engages on a weekly and monthly basis in making the Group's sustainability transition more effective and more viable. We seek to achieve this across a very big network in a way that does not disrupt the supply of healthy food and other essentials to all South Africans.

I believe this is possible, as do the many teams that comprise our Group. From the Board through to the shopfloor, I thank them for their unwavering support and hard work. We are making important inroads and I am heartened to feel the growing positive energy within the organisation. May we continue to live life to the fullest and serve through our collective efforts.

Pieter Boone
Chief Executive Officer

14 June 2023

OUR APPROACH TO SUSTAINABILITY

Our sustainability efforts continue to grow our positive contribution in reducing the impact of large-scale social and environmental challenges in our target markets. A holistic approach is needed, and ESG is increasingly considered in every decision. Our focus is on managing material ESG risks and on driving positive impact through our core business model. We work in partnership, harnessing our brands, retail store network, supply chains and stakeholder relationships in support of collective action.

Our strategic ESG framework

Our strategic ESG framework focuses decision-making and action across the Group. The framework provides a view on the business and our Ekuseni strategic plan in the context of our relationships with society and nature. It aligns with the six UN Sustainable Development Goals where we believe we can have the biggest positive impact.

Partnering to shift the food system

Food is a basic human need. Meeting this need sustainably requires a big picture view and the ability to work with multiple players across the system. As a large retailer, we are able to play an influential role both up and down the value chain. Through many coordinated interventions, we are focused on:

- An on-demand grocery offer
- Affordability of basic goods, targeted through trading under two supermarket banners and cost reduction
- Promoting healthy eating and lifestyles
- Increasing the sustainability attributes of products and product ranges
- Supply chain inclusion, with significant support for smaller, local suppliers
- Working with all suppliers to ensure responsible and ethical production practices
- Reducing food waste



Reducing environmental impact

We provide a wide range of products to consumers. Each of these products impacts the environment at virtually every stage of the product life cycle. Our teams work together systematically to reduce this impact through:

- Decarbonising the value chain
- Energy and water efficiency
- Removing harmful chemicals, particularly in refrigerants
- Waste reduction, recycling and reuse, with a focus on packaging



Supporting communities

South Africa continues to be challenged by stark inequalities and many people struggle to access what they need each day. Our corporate social investment approach is based on long-term partnerships and focuses on:

- Supporting educational initiatives
- Promoting awareness of social and environmental issues
- Responding to household food insecurity, including crisis interventions through store community support and Feed the Nation Foundation
- Boxer's small-scale farmers initiative which supports local farmers and emerging small businesses



Investing in our people

The Group's operations engage thousands of employees and suppliers, and millions of customers. We are committed to creating quality jobs and promoting diversity, equity and inclusion. Together with our local and global network of investors and peers, we continue to advocate for collective action in support of pressing social and environmental goals, focusing on:

- Quality jobs and working conditions, effective training, competitive remuneration and opportunity to progress
- Diversity, equity and inclusion, with a focus on alignment with B-BBEE provisions
- Stakeholder engagement and outreach, including advocacy initiatives together with retail peers



Our **ESG/Sustainability Databook** at the end of this report includes our response to the narrative disclosures of the JSE's 2022 Sustainability Disclosure Guidance. This includes detailed information on our approach to:

- Sustainability governance
- Sustainability strategy
- Management approach
- Metrics, targets and performance

KEY PERFORMANCE INDICATORS AND TARGETS

The following table provides an indication of performance for each intervention area. Further ESG data is available in our ESG/Sustainability Databook.

We have several Group ESG targets that are linked to our Ekuseni Strategy.

↓50%* reduction in food waste by 2030 (FY19 baseline)	Net Zero Carbon (Scope 1 & 2) by 2050, -60% by 2040 (2022 baseline)	100%* packaging to be recyclable/reusable by 2025
100% CO ₂ refrigeration by 2040	75%* of general waste diverted from landfill by 2025	↓20%* reduction in water usage per company-owned store 2025 (2018 baseline)

* Boundary for target includes Pick n Pay company-owned stores, excludes Boxer.

Partnering to shift the food system

	FY23	FY22	FY21
Number of entrepreneurs enrolled in Enterprise and Supplier Development programme	198	187	112
Percentage of SA seafood sales that meet our sustainable seafood commitment (PnP company-owned stores)*	88.5%	91%	95%
Percentage private label sow crate friendly pork (PnP company-owned stores)	100%	100%	100%
Spend on B-BBEE businesses in rand billion	53.4	50.8	54.5

* Sustainable seafood commitments have decreased due to SA sardine stock depletion

Reducing environmental impacts

	FY23	FY22	FY21
Total Scope 1 and Scope 2 carbon emissions (million tonnes CO ₂ e)*	1.14	1.00	0.89
Percentage of stores using natural refrigerants (PnP company-owned stores)	9.5%	6.4%	5%
Reduction in water usage by 2025 (PnP Company-owned)	12%	-	-
Reduction in food waste by 2030 (against 2019 baseline, PnP company-owned stores)**	27.9%	31.9%	37.8%
100% of PnP branded packaging to be recyclable/reusable by 2025	91.8%	88.4%	87.3%
General waste diverted from landfill by 2025 (PnP owned stores)***	62%	55%	61%

* Increase in FY23 emissions largely due to increased diesel consumption as a result of load-shedding

** Higher levels of food donations in FY21 and FY22 due to Covid-19 relief

*** Increase in waste diversion due to better performance of waste recycling partners since consolidation of services

Supporting communities

	FY23	FY22	FY21
Rand million value of ESG investment, inclusive of CSI and SED	39.1	37.9	41.3
Volume of products donated to FoodForward SA (tonnes)	882	841	840
Number of schools in Pick n Pay and Boxer School Clubs	3 280	3 185	3 155
Number of meals distributed for Feed the Nation (million)*	5.2	9.1	27.9

* Higher levels of contributions during FY21 and FY22 due to Covid-19 relief

Investing in our people

	FY23	FY22	FY21
Total thousand number of employees and contractors*	59.9	57.0	55.2
Percentage of management (top and senior) deemed Historically Disadvantaged South African (HDSA)**	78%	77%	-
Percentage of employees who are deemed 'HDSA'	99%	99%	96%
Percentage of employees who are women	64%	64%	68%

* Reporting in FY22 and FY23 specific to PnP company-owned operations and Boxer - excluding franchisees

** PnP company-owned and Boxer employee data consolidated from FY22

PARTNERING TO SHIFT THE FOOD SYSTEM

South Africa's food system remains under strain, primarily impacting poorer households. By decoupling the Pick n Pay brand into two banners, Pick n Pay and Pick n Pay QualiSave, alongside Boxer as the third banner, we can better deliver on specific customer ESG interests and needs. In promoting smart, sustainable and inclusive food, grocery and clothing supply chains, we support smaller, local suppliers to become part of the retail sector, thus contributing to a sustainable South African economy. We work with all our suppliers to ensure we provide great quality products that are produced responsibly and ethically. Working actively with local suppliers, we are expanding our range of healthy and sustainable food choices at affordable prices. Our collaborations to reduce food losses at our operations and along production and supply chains assist in alleviating hunger through food distribution.

Highlights

60 Boxer stores opened, increasing our reach in lower-income areas

85% of Pick n Pay own brand food and groceries are procured locally

R53.4 billion spent with B-BBEE businesses during the last financial year including **10** new SMME vendors

Our Enterprise and Supplier Development (ESD) programme currently supports **198** suppliers

65% of our direct clothing suppliers employ one or more sustainable practices in producing goods

More than **200 SMMEs** make use of Pick n Pay's award-winning finance programme, Pick n Pay Fast Pay

Learnings and challenges

Load-shedding, climate and geo-political crises causing supply-chain and pricing challenges

Increasing requests for food support indicating a worsening of household food security

South Africa's difficult economic climate, with persistent load-shedding and increasing prices of goods and services, has presented major challenges to the sustainability of many SMMEs

Catering for different customer ESG interests and needs

The majority of our customers, in South Africa and across the communities we serve, subsist on limited incomes in difficult economic times. With South Africa in the grip of a cost-of-living crisis, our customers need lower prices on essential food and groceries more than ever before. Our Ekuseni strategy has better positioned us to deliver on specific customer ESG interests and needs. The Group's banners are now Pick n Pay, Pick n Pay QualiSave and Boxer, respectively targeting from the upper end of the market to the lower. Through our rapidly expanding footprint of Boxer stores, we offer lower pricing on essential items to an increasing number of lower-income communities. For the growing middle market, around 155 stores have been converted to QualiSave stores, our new banner which also offers essential items at lower prices. Original company-owned Pick n Pay stores have been repositioned to cater for middle to higher-income shoppers and include a greater range of products with sustainability attributes. Affordability for all our customers is further enhanced through our longstanding Smart Shopper loyalty programme.

Building an inclusive supply chain

Promoting local with passion

Our dedicated Pick Local brand endorses goods and services of small South African producers, suppliers and service providers who demonstrate a commitment to creating jobs, are B-BBEE compliant, and ensure that their raw materials are locally produced, manufactured, assembled or packaged.

Our Pick n Pay Clothing division is constantly innovating to increase local products in our stores. With steady growth in the division, the localisation drive has enabled more than 1 000 jobs to be created through the supply chain over the last financial year. 54% of clothing is sourced from the Southern African Development Community (SADC) including South Africa (45%) and we aim to increase this level to 60% over the next five years. In the years ahead we will continue to empower local suppliers to produce locally by building their capacity, as well as investigate opportunities in fabric sourcing. This will help us grow local production of clothing that has typically been imported, such as high winter product lines.

Another way we are uplifting the local clothing industry is through our collaboration with innovative local designers and entrepreneurs to curate limited edition collections of on-trend pieces at prices accessible for everyone. Unique to our proudly "Made in South Africa" range of quality wardrobe essentials, the highly successful initiative is now in its fourth year.



Clothing Intern Programme run in partnership with respected South African fashion designer Gavin Rajah, sees talented young designers gain valuable know-how and practical skills equipping them to be successful in a commercial environment and to sustainably expand their own operations. Collaborations to date have included Julia Buchanan, Katekani Moreku, Siphobuto and Siyethemba Duma who trades under the label Matte Nolim.

Celebrating local innovation and entrepreneurship



Pick n Pay bakery small supplier of the year winner, Njabulo Sithole from KwaZulu-Natal, has grown his passion for home baking into a successful confectionary business that supplies nearly 200 Pick n Pay stores and employs 40 people.



From humble beginnings in a garage in Durban, Rishav Juglall has grown his business, Rocky Brands, into a company with a national footprint, supplying stores with popular cleaning products and premium household polishes. Supported through Pick n Pay Clothing's ESD programme, his sales have grown by over 400% in the last year and he employs 39 people.

Through our enterprise and supplier development initiatives we strive to equip, enable and empower local small and emerging businesses to become sustainable suppliers to the retail industry. We hand-pick entrepreneurs with innovative product concepts or start-up enterprises to actively grow our diverse pool. We provide them with mentorship and business development support. Our ESD programme currently supports 198 suppliers. All small businesses have shown great passion and dedication to growing their businesses in a tough economy and have embraced the support offered through the programme. Every year we hold the Pick n Pay small supplier awards, celebrating local success stories and entrepreneur role models. We highlight two overall winners on page 7.

We have initiatives that help emerging farmers to increase their crop yields and gain entry into the food supply chain. Our Boxer small-scale farmers initiative saw 270 emerging farmers completing training in FY23, and 77 are already supplying Boxer stores with fresh produce.

More than 200 SMMEs make use of Pick n Pay's award-winning innovative supply chain finance programme, Pick n Pay Fast Pay, which helps smaller, emerging suppliers to be sustainably funded by providing early access to payment for goods and products, at competitive sub-prime rates. South Africa's difficult economic climate, with persistent power shortages and increasing prices of goods and services, has presented major challenges to the sustainability of many SMMEs. We encourage small businesses to operate as part of Pick n Pay own brand.

We are reviewing our Enterprise and Supplier Development (ESD) approach with the aim of optimising our response to small suppliers' concerns and challenges. We have appointed a dedicated Pick n Pay SMME buyer from 1 April 2023. Our ESD programme is a dedicated programme that helps support and scale SMMEs so they have a chance to make it not only at Pick n Pay but also in the wider retail landscape. This has been a strong part of our "Doing Good is Good Business" journey since 1967. We currently support 939 SMMEs across the Group, and 85% of Pick n Pay own brand food and groceries are produced locally.

Supporting ethical and sustainable sourcing

We are committed to ensuring that our own brand products are grown, sourced and produced responsibly and sustainably. This includes promoting healthy oceans and fish stocks, animal welfare, sustainably manufactured clothing, and tracking ingredients with high environmental and social impacts.

Achieving our sourcing commitments for Pick n Pay company-owned stores

100%
Sow crate friendly pork in all Pick n Pay branded products since 2019

88.5%
of all seafood sales meet our sustainable seafood commitment

100%
Sustainably sourced palm oil in Pick n Pay branded products since 2021

83%
of our direct Pick n Pay Clothing suppliers are registered on Supplier Ethical Data Exchange (SEDEX)

- Seafood policy
- Code of Ethics
- Palm oil policy

Ethical Sourcing: Pick n Pay Clothing is committed to sourcing 50% of our cotton as more sustainable cotton by FY25, which includes recycled cotton, organic cotton and Fairtrade cotton.

22% of our cotton is now sustainably sourced, an increase of 11% since 2021

Ensuring ethical supply chains

Our sourcing Policies 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 and Boxer branded products. All our business partners are required to comply with Pick n Pay and Boxer's Code of Ethics and are expected to ensure that all their subcontractors and secondary suppliers comply with this Code. Pick n Pay Clothing is a member of leading ethical trade membership organisation SEDEX, and of Sustainability Initiative of South Africa (SIZA). Most of our supply base follow audit protocols which report against these initiatives. Traceability of our food is controlled through our food health and safety audits.

We will soon be implementing a social and ethics online self-assessment for all our branded and private labels suppliers. Suppliers with potential risks flagged will be audited by a third party and where necessary, corrective actions will be agreed upon and monitored.

Expanding our range of products with sustainable attributes

Spearheading our exploration of sustainable product innovation, the Pick n Pay Live Well brand offers ranges for consumers who seek products with explicitly sustainable attributes, in particular plant-based animal product alternatives, and eco-friendly products.

This year we re-launched the Live Green brand, our rejuvenated range of eco-friendly cleaning products. These products are certified as vegan, cruelty-free and are not tested on animals. All products are made with biodegradable, naturally derived active ingredients* and packaging is 100% recyclable. A first for SA retail, Live Green includes a locally produced probiotic range which uses beneficial bacteria to keep surfaces cleaner and healthier for longer. All our house labels are now accredited by Beauty Without Cruelty (SA) as animal cruelty-free. These include sunblock, kids' ranges, and enzymatic cleaners.

Pick n Pay's Clothing team works closely with local suppliers to increase the level of sustainability practices used in the sourcing and production of our own brand range. We have projects centred on increasing the sourcing of sustainable cotton, reducing water usage during clothing manufacture and increasing levels of recycled content. In FY23, sustainable practices were used in the manufacture of 38% of our collections. These practices include rainwater harvesting, recycling of pre-production waste, water recycling and using solar energy. 65% of our direct Pick n Pay clothing suppliers employ one or more of these practices. Through the Better Cotton Initiative, we are growing the ranges that use organic cotton that is sustainably sourced. Our progress has been impacted by climate and geopolitical issues causing spikes in cotton prices. In our Pick n Pay Clothing stores, all paper used, and cardboard used for footwear hangers, is Forest Stewardship Council (FSC) approved. All our plastic hangers are made from 100% recycled materials and we aim to source biodegradable hangers.

88% of cardboard and paper used for our own brands and packaging is FSC-certified and we are committed to reaching 100% by 2025.

Pick n Pay has been one of the most influential retailers driving sustainable seafood in South Africa. In working toward our sustainable seafood commitments, 79% of our seafood products by species and 88.5% of our products by sales comply with our commitments. We strive to improve on these figures with our ongoing partnership with the World Wide Fund for Nature (WWF) (see page 25).

* Except for the furniture polish

Promoting healthier food choices

Our Live Well brand in Pick n Pay aims to meet the growing demand for healthier and more sustainable food and household products. We have rapidly diversified and grown our product range over the past two years. Sub-brands include Live Plant Based, Live Gluten Free and Lactose Free, Live Green, Snack Well and Free Range, catering to various dietary needs and preferences. We now offer 390 Live Well products, ranging across fresh items, pantry items and frozen options. We launched 65 new products during the year and sales growth have doubled from last year.

A plant-based diet is clinically proven to benefit overall body health and significant evidence supports its value in preventing chronic diseases. There has been increased innovation and growth in our plant-based category as we work with numerous local suppliers to introduce fresh and exciting products. We stock more than 350 plant-based and vegan-friendly products in our stores.

Over the past five years we have reformulated many products to reduce calories, fat, salt and sugar, and increase fruit, vegetable and fibre content as well as key vitamins and minerals. In total, we've removed over 1 000 tonnes of salt and 2 500 tonnes of sugar, and reduced sugar in many products by a third. Other products are free from gluten, wheat, dairy and lactose.

We have steadily increased our healthier snacking lines and options developed specifically for children, with a focus on minimising salt and sugar content and using only natural colourants.

We run promotions that make healthier foods more affordable and keep low prices on fresh produce.



On the Green Side creates delicious plant protein products that are inspired by chicken and easy to prepare.



Crafted Collection granola produced by one of our partner SMMEs, Simply Granola.

By providing clear nutritional labelling on our own brand products, we help our customers make better choices for themselves and the planet. We distribute nutrition education posters and curriculum-aligned worksheets to 3 280 schools in rural and urban areas throughout South Africa through the Pick n Pay and Boxer School Club platform. Health tips on School Club social media are shared weekly.

In committing to providing customers with quality products that meet the highest health and safety requirements, we maintain stringent standards across our supply chain. We work 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 an in-house team of food technologists to ensure our own brand products comply with all the relevant legislation in terms of quality, content standards and labelling. All food suppliers are audited by a third party and all stores undergo stringent food safety audits.

Health and safety

Reducing food waste

Our food waste reduction commitments:

- Reduce food waste by 50% by 2030 (FY19 baseline) **(+27.9%)**
- Work with 20 of our largest suppliers to reduce food waste in our shared value chain by 50% by 2030
- We donated 882 tonnes of food to FoodForward SA, valued at more than R39 million
Key: *% progress

Food waste is one of the most critical social, economic and environmental issues facing our planet. Our fight against food waste in South Africa calls for action on farms and in manufacturing, in-store and at home, and through food redistribution to people in need.

We quantify our food waste data in line with the World Resources Institute (WRI) Food Waste and Loss Protocol. This enables us to identify "hotspots" and take action, working in partnership with others to reduce food waste and increase food surplus redistribution in a targeted way. We have reduced the volume of food waste in our operations by 27.9% over the past four years.

This year, 62% of food waste in our operations was diverted from landfill through donations and preventing surplus food from going to waste. A regrettable 5.9% increase in our food waste volumes compared to the previous year is largely attributed to persistent electricity outages, causing disruptions along the supply chain and reducing customer demand amid concerns that fresh and frozen food may spoil due to interruptions to power at home.

Pick n Pay had set an initial internal target to reduce food waste by 50% by 2025. However, this target was adjusted from 2025 to 2030 due to the impacts of Covid-19 and load-shedding and to align with the 10x20x30 target. This year we have changed our reporting metric to refer to tonnes of waste and not number of products. We believe this is a more transparent and accurate way of reporting on food waste. It also aligns with the Food Loss and Waste agreement and WRI through 10x20x30.

We are active participants in local and international initiatives that align with the United Nations Sustainable Development Goals 12.3 target to reduce global food loss and waste by 50% by 2030. This includes working with 19 of our biggest suppliers as part of the international 10x20x30 Food Waste Initiative to help them determine and demonstrate their progress. Progress in some areas has been challenged during the energy crisis. The vision of the 10x20x30 Initiative is to massively increase private sector contribution to the global goal of reducing food loss and waste by 50% by 2030 by catalysing efforts "up" the supply chain.

Our partnership with FoodForward SA has increased its reach to more stores and is steadily including excess food in our supply chain. We contributed 882 tonnes of edible surplus food to the value of R39 million from our stores to FoodForward SA for distribution to 2 750 beneficiary organisations. These organisations collectively provide daily meals to more than 985 000 people every year.

At an operational level, we strive to eliminate unsold food going to waste by continually optimising our forecasting, ordering, shelf-life extension projects, and implementing "reduced to clear" processes to reduce food surplus at the end of each day. We have reinforced training at stores on cold storage protocols and minimising food waste.

Collaborating for a nature positive food system

Looking ahead, the Group is working with WWF to establish a broad-based, multi-year transformational partnership that will transform the Group business operations and value chains to be more sustainable and resilient while reducing their environmental impact and driving resource stewardship. The long-term goals include leveraging the Group and WWF's respective capabilities and capacities to reduce negative environmental impacts through production and consumption, supporting environmental impact reduction in the agricultural supply chain, and decreasing food loss/waste for selected products and commodities.

Read more on page 25.

REDUCING ENVIRONMENTAL IMPACTS

As a retailer with thousands of suppliers and millions of customers, we are mindful of our wide reach and the environmental impact we have across our value chain. While the Group has limited opportunity to address national energy and climate challenge at scale, our commitment to reducing environmental impacts continues to open opportunities for electricity conservation at stores and distribution centres; explore options for renewable energy; and improve the efficiency of our distribution operations. We are also working on a broad set of solutions and targets to reduce our impact in other key areas, in particular refrigerants, water, waste and packaging, working with our suppliers and partners to innovate for a healthy planet and helping our customers play their part in protecting the environment.

Highlights

11 421 tonnes waste recycled in company-owned operations

Installed **22** natural refrigerant systems
9.5% of the company-owned stores now use a form of natural refrigerant

Reduced average packaging weight for Pick n Pay own brand products by **27.5%** against our 2019 baseline

Learnings/challenges

Persistent electricity outages necessitated incremental R430 million net of electricity saving spend on diesel generations for stores

Expanding renewable energy usage at stores in malls and distribution centers is dependent on landlords installing solar solutions

Establishing accurate packaging data across parts of the supply chain is complex and challenging



Climate and energy policy



Waste management policy



Water stewardship policy



Sustainable packaging policy

Reducing our carbon footprint

In 2022 we formally set a Group carbon commitment to be net zero carbon (Scope 1 and 2) by 2050, with key climate change-related targets across the Group. These targets focus on areas where our teams have the most control.

Accounting and minimising for our direct climate change impacts is the focus of our climate commitments. This year we published a climate change and energy policy which outlines our approach and commitments. Our climate-related key performance indicators include emission reduction targets, renewable energy targets and energy efficiency targets, and natural refrigeration targets.



- Group commitment to be net zero carbon by 2050 (FY22 baseline) and -60% by 2040 [***14%**]. 50,535 tCO₂e increase in FY23 Scope 1 emissions compared to FY22 (due to increase in generator diesel consumption as a result of load-shedding)
- 60% renewable energy use across the Group by 2040
- Conversion to 100% natural refrigeration in Pick n Pay company-owned and Boxer stores by 2040 [***9.5%**]
- 45% improvement in energy efficiency across Pick n Pay company-owned stores by 2030 (FY10 Baseline)

Key: *% progress

Energy resilience

Energy resilience has become a critical issue for our business. The severe escalation in electricity outages in South Africa throughout the last year, has had a significant impact on our operations. We have been running diesel generators to mitigate the impact of disruptions, resulting in a concerning 50,535 tCO₂e increase in FY23 Scope 1 emissions compared to FY22 (due to increase in generator diesel consumption).

To tackle this challenge, the Group is implementing an energy resilience plan, to reduce our reliance on the national grid as far as possible. This plan includes engaging with landlords with the aim of maximising the installation of solar solutions on store roofs to generate solar power or using a "fair share" of renewable energy that the landlords themselves generate. We are exploring more sustainable options than using diesel generators for backup power. We are currently trialling the installation of inverter and battery power solutions at selected company-owned stores. About 80% of our stand-alone corporate Pick n Pay Clothing stores have been fitted with inverter and battery power backup which ensure sustainable operation through load-shedding.

The energy crisis is accelerating our plans to expand energy solutions at our stores (owned and leased) and distribution centres. We have developed metrics and pathways for increasing our reliance on renewables. By 2040, we aim to meet 60% of all energy use requirements from renewable energy.

Reducing our impacts

Our low carbon transition plan includes a focus on reducing refrigeration emissions. Our conversion to a climate-friendly natural refrigerants programme is gaining momentum and we have committed R3 billion towards achieving a target of having natural refrigeration systems in 135 Pick n Pay company-owned stores and 166 Boxer stores by FY28. In FY23 we converted 22 company-owned stores, bringing the total to 56. All our distribution centres are running natural refrigeration systems.

Energy efficiency is tracked using extensive metering that enables us to measure real-time consumption. We are working towards a target of 45% improvement in energy efficiency for Pick n Pay company-owned by 2030 against a FY10 baseline. The roll-out of eco-friendly LED lighting to stores continues, including back of house and trading floors. Over 95% of Boxer stores use LED lighting systems, including store refrigeration.

The rapid escalation in our online shopping deliveries requires increasing levels of transportation, predominantly using motorcycles. To reduce transport emissions, we are partnering with on-demand logistics company Picup and our partner Takealot, in trialling the use of electronic motorcycles.

Innovating for more sustainable buildings

Our recently launched Eastport distribution centre in Gauteng, the Pick n Pay distribution centre in Cape Town, and 65 Pick n Pay Clothing stores all hold a 4 star Green Star rating, highlighting our dedication to sustainable practices.

All our new Pick n Pay Clothing stores are designed with a strong focus on sustainability features. In addition to using solar inverter-lithium battery power solutions and more sustainable technology such as eco-friendly lighting and energy-efficient printers and till points, the stores have a strong reduce and re-use ethos. Most of the fixtures are made from recycled materials, including hangers, mannequins, wooden tables and aluminium entrance doors, and we use second hand shelves and railings. The new stores also feature "plant walls" which act as natural air filters. For every new store opened, we plant 100 trees at Platbos Nature Reserve. To date, more than 5 000 trees have been planted.

Our recently launched Eastport distribution centre incorporates various environmentally friendly initiatives, qualifying it for a green building certification. Solar panels generate solar power to meet operational requirements and rainwater harvesting is expected to save 90 million litres of municipal water consumption each year. The buildings are designed to maximise daylight harvesting and have LED lights that automatically adjust their brightness levels according to the level of natural daylight. Waste management onsite is outsourced to a company committed to sustainable practices.

Conserving freshwater



- Reduce water intensity by 20% by 2025 (FY18 baseline) for Pick n Pay company-owned stores

12% to date

The Group's water consumption is primarily at stores for sanitation, cleaning, cooking and baking. The Group relies predominantly on municipal supplies. We continually monitor and manage our water usage, with a focus on identifying and addressing leaks. We have water efficiency measures rolled out and online water metering with real-time alerts installed at most of our Pick n Pay company-owned stores, distribution centres and offices. Metering is being progressively rolled out at Boxer stores. This enables us to timeously pick up and address leaks and take corrective actions.

Our water stewardship policy guides our approach to reducing our water usage and working collectively with our stakeholders to safeguard this valuable resource and mitigate the risks associated with water scarcity.

Reducing and repurposing waste



- Divert 75% of general waste produced at our Pick n Pay company-owned operations from landfill by 2025 through recycling and recoveries

62% progress

In supporting the principles of a circular economy, our progress is underpinned by promoting the "avoid, reduce, re-use and recycle" waste management hierarchy. Our efforts are guided by our waste management policy. A waste management dashboard introduced in 2021 helps us track our progress towards targets, including improving levels of recycling, increasing waste resource donations and reducing waste to landfills.

We raise awareness with our employees on how to reduce waste in stores and have systems in place to collect recyclable material. We continue to expand recycling facilities at our stores where customers can deposit plastic bags and plastic containers, compact fluorescent lamps (CFLs), batteries and ink cartridges. Pick n Pay company-owned stores generated 26 025 tonnes of general waste in FY23 and recycled 43.9%.

Our commitment to recycling extends to increasing the use of recycled materials in clothing products and store refurbishments.

We also partner with suppliers and customers to innovate and create a healthier planet free from unnecessary waste. In repurposing waste, our award-winning trolleys in stores are made from high density polyethylene (PEHD) and consist of 50% post-consumer recycled material. To date we have introduced a recycling vending machine in 7 stores. These units reward customers for recycling any recyclable waste product with a relevant barcode.

Finding solutions to the packaging challenge



Our ambitious packaging commitments by 2025 against FY20 baseline:

- 100% of Pick n Pay packaging will be re-usable or recyclable [***92%**]
- 30% average recycled content across all Pick n Pay packaging [***31% - target met**]
- 30% reduction in average packaging weight of Pick n Pay branded products [***28%**]
- 100% of cardboard and paper used for Pick n Pay packaging is sourced from responsibly managed forests by 2025 [***88%**]

Key: *% progress

Packaging plays an important role in protecting products and reducing food waste. However, packaging waste, particularly plastic, can be a significant environmental problem when not re-used or recycled. That's why we aim to treat packaging as a valuable resource that can be used, re-used, collected and recycled in a closed loop, supporting the principles of a circular economy.

Pick n Pay assumes a leadership role in local and international collaborative efforts to work towards common long-term targets for the plastics value chain. We have a robust packaging database and reporting process which has helped us significantly improve the accuracy of our packaging data. In turn, we can better track our performance against Pick n Pay's packaging targets and identify areas where packaging can be improved. Where we can't remove packaging, we aim to reduce it to an absolute minimum. When we reduce packaging, we reduce it with recyclability in mind, with a focus on increasing the content of specially treated, factory and post-consumer waste material.

We have made good progress towards our packaging targets and we're on track to achieving the ambitious goals set out by the South African Plastics Pact, of which we are a founding member, by 2025. Our targets include ensuring that 100% of our private label packaging is re-usable or recyclable. This number has shifted from 67% to 92% in the past two years through various changes. Over the past five years, more than 10 000 tonnes of plastic have been removed from the environment to make Pick n Pay's 100% recyclable blue plastic bags. Over 11 million plastic bottles have been recycled to manufacture our re-usable shopping bags since 2018.

In our journey to reduce problematic single-use plastic packaging, we've removed all plastic barrier bags from our till points. This will prevent over 20 million of these small bags, which are difficult to recycle, from ending up in the environment. We continue to provide barrier bags in our fruit and vegetable section for loose produce.

Sometimes we are faced with trade-offs. For example, our customers favoured the introduction of brown paper bags for on-demand (asap!) deliveries. However, these bags have no handles, break easily, and can get wet when carrying frozen goods, limiting their re-usability. We are trialling a more sustainable bag made from recycled plastic that is thicker and bigger, with a seal to promote re-use. At scale, this would have a similar environmental footprint to the high volumes of brown bags currently being recycled or going to landfill.

Many of our packaging improvement and reduction achievements are basic but make a massive difference. For instance, we have changed all our milk bottle caps and snack yoghurt caps to white, improving efficiencies and making recycling easier with one colour cap.

We support and adhere to the Extended Producer Responsibility (EPR) for packaging regulation as a key policy instrument to address the increasing volumes of plastic pollution. We belong to relevant Producer Responsibility Organisations (PROs) and submit our data quarterly.

SUPPORTING COMMUNITIES

Our social investment strategy focuses on empowering communities through educational initiatives and reducing food insecurity. Access to quality education is a globally recognised means of lifting people out of poverty. Household food insecurity is a significant problem in South Africa, with many people living in poverty and struggling to access enough food to meet their basic needs. We also respond to immediate needs in the more vulnerable communities we serve. 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.

Highlights

More than **42 million** meals provided since inception to vulnerable people in partnership with the Feed the Nation Foundation.

More than **5 million** meals in FY23

882 tonnes of edible surplus food from our Pick n Pay company-owned stores contributed to FoodForward SA's hunger relief efforts

6 646 active community food gardens and **2 102** home gardens supported by the Ackerman Pick n Pay Foundation

Over **2.4 million** learners at **3 280** schools supported through Pick n Pay and Boxer's School Club

R11.6 million worth of clothing donated to Clothing Bank

R39.1 million spend on CSI

Learnings/challenges

Rising cost-of-living and food inflation exacerbating the hunger crisis

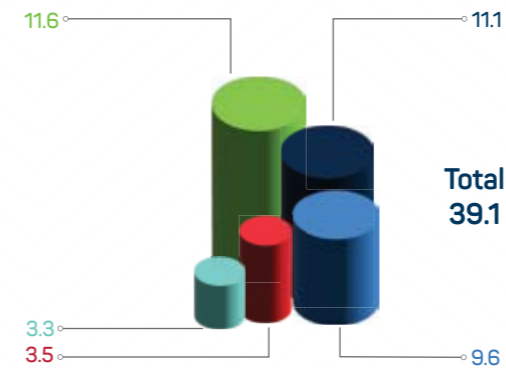
Recycling efforts in communities are limited by a lack of recycling collectors

Lack of internet connectivity at schools limits access to online educational resources

Valuable insights gained through our School Club social impact assessments that measured progress toward SDGs

Our ESG contribution

Total Rand Value of CSI Spend – FY23 (million)



- Basic Needs & Social Development, including Nutrition and/or Feeding Programmes
- Education
- Environmental Management Projects
- Skills Development, including Adult Basic Education & Training (ABET)
- Small Business Development Projects

Targeting hunger

According to an Ipsos market research study conducted in 2021, more than 40% of South Africans of all age groups are affected by hunger. Food insecurity has wide-ranging socio-economic impacts such as stunting (which impacts on education) and social stability. While our primary contribution towards alleviating hunger in South Africa is by keeping the price of essential items more affordable. We also help by empowering people to grow their food, supporting income-generating rural and urban food gardens, fostering small energy farmers via the Boxer small-scale farmer initiative, donating excess food from our stores, and support the Feed the Nation Foundation's hunger relief efforts.

Food gardens

The Ackerman Pick n Pay Foundation (APF), who works closely with the Group, partners with organisations nationally to establish rural and urban community food gardens, with a strong training element that encourages replication at home. The numbers continue to grow, with an encouraging positive shift in garden produce selling behaviour and an increase in households growing their own produce as a solution to alleviating hunger.

After three years, there are now 6 646 active community food gardens and more than 2 100 home gardens. In FY23 these were a source of food for 30 340 families and boosted about 260 000 meals at Early Childhood Development (ECD) centres and schools. The average monthly income from highest-impact gardens is R20 000.

The Pick n Pay School Club partnered to implement food gardens at 10 schools during FY23 and will partner with Feed the Nation to establish a further 10 community and school gardens during FY24.

The APF invests in projects focusing on food security initiatives. In FY23 we supported 14 larger projects and 10 small projects that included assisting food gardens with clearing surrounding areas and improving their land management or water supply.

Distributing excess food

Our partnerships to redistribute food reduce our levels of food waste and support thousands of families to be more secure and contribute to a stable socio-economic environment. Pick n Pay is FoodForward SA's largest retail partner. During FY23, we contributed 882 tonnes of edible surplus food to the value of R35 million from our stores to FoodForward SA for distribution to more than 2 750 beneficiary organisations. These organisations collectively provide daily meals to more than 985 000 people every year.

Feed the Nation food drive

Pick n Pay has continued to support vulnerable communities through the Feed the Nation Foundation's sustained national food drive over the last three years, with ongoing support from staff and customers. We continue to provide hampers to support child-headed households within our School Club programme.

R178 million in food distributed since 1 April 2020

42.2 million meals distributed to date

226 863 hampers distributed to date

1.5 million meals collected in Mandela Day campaign, in partnership with FoodForward SA



Ackerman Pick n Pay Foundation Community Garden in partnership with the Group and the Siyazisiza Trust in KZN

The Boxer small-scale farming initiative



Team Boxer, led by Ntombi Dlodla, Boxer Executive for Stakeholder Engagement and Sustainability (center), stands outside Emfundisweni Mission grounds. This location is one of the areas where Boxer and W&R Seta selected over 300 farmers, who live and work on their farms in small rural towns in the Eastern Cape, to participate in a campaign. The aim of this campaign is not only to enhance their skills through education but also to enable them to supply their produce to Boxer stores.

Targeting education

Now in its 20th year, Pick n Pay and Boxer School Club is the largest brand-funded educational resource programme in South Africa, reaching over 114 800 teachers, 2.4 million learners and 3.6 million guardians in 3 280 private, urban, suburban and rural schools across South Africa. The footprint continues to grow as we open new stores, notably Boxer stores, and identify local schools to register.

Pick n Pay and Boxer School Clubs deliver much-needed educational support that is curriculum compliant (CAPS). The free educational material supplied is co-created with partners and updated annually. The platform includes free access to digital content through its website to its schools. In FY24 we will launch an updated website, with the latest curriculum content for Grade 1 to 12, available at no cost for any school to download. A popular ongoing initiative is our Hero Awards programme in primary schools, which recognises learners for their positive societal impact.

Pick n Pay partners with Mellon Educate to build and support classroom infrastructure. Since 2018 we have assisted four schools.

Pick n Pay and Boxer School Club expands its reach and impact through social media platforms, which provide a powerful educational channel for health and environmental-related issues. We have more than 76 000 followers and aim to have 100 000 followers by FY25. The initiative continues to diversify its contribution to learning and eco-awareness (see below). We respond to specific needs at different schools.

In FY22 we conducted a baseline assessment of our Pick n Pay and Boxer School Club's impact against international standards, which provided valuable insights into how we can improve our service and delivery to schools and communities, and our contribution to the SDGs. In FY23 we repeated the three-month study, conducting assessments mainly with teachers and parents, at 40 schools from served regions.

Each year we fund more than 1 000 bursaries for learners including those from School Club schools, promoting skills development in our communities and a potential pipeline of talent for the Group.

In FY23 we will relaunch a campaign delivered in partnership with the South African Depression and Anxiety Group aimed at empowering educators to teach learners about the dangers of underage drinking as well as assess and assist in cases of alcohol abuse.



Supporting township youth cycle academy



Pick n Pay is a longstanding sponsor of the Velokhaya Life Cycling Academy in Khayelitsha, Cape Town. Velokhaya uses cycling-based programmes to involve township youth in a positive after-school activity, promoting life skills and opportunities, free of charge. The academy has over 200 registered youths between the ages of 7 and 25 years and is actively promoting the participation of young women.

Fostering environmental stewardship

We raise awareness of simple ways people can help to reduce their environmental impacts. Through Pick n Pay and Boxer School Club, we engage learners in enterprising socio-environmental initiatives. Our innovative partnership with Clover Danone, now in its fourth year, highlights an understanding of the value of responsible plastic recycling. This year we collected over 300 000 yoghurt tubs from Pick n Pay School Club members at 80 primary schools around the country. The tubs were upcycled into lightweight envirocrete bricks that are being used to build a library at Nageng Primary School in Vosloorus. We also distributed more than 30 000 pencil bags made from recycled plastic bottles to learners at over 190 schools nationwide, teaching the value of recycling.

Over the past three years, in collaboration with the South African PET plastic recycling company, educational content focusing on plastic recycling has been created and provided to 500 schools each year. In partnership with Polyco, 85 schools received recycle bins made from recycled materials as well as educational materials on recycling. Our diverse efforts to promote a recycling culture in communities are however challenged by a lack of recycling collectors in most of the schools' areas.

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. Since 2019, in partnership with 14 environmental organisations, we have held 46 beach, river and township clean-ups in four provinces. We have involved 3 366 volunteers across 16 schools and collected 7 850 kg of waste.

During the year, Boxer employed 100 unemployed youth to clean up the streets around 25 participating stores nationally.

Pick n Pay School Club collaborated with Tata Consultancy Services on its first Sustainathon competition in South Africa, which provided an opportunity to recognise learners for their innovative ideas to reduce surplus food from becoming waste.

In our stores, we encourage our customers to bring their own re-usable containers when shopping.

Using our products for good

We repurpose clothing returns and damaged items to support various positive initiatives. Pick n Pay Clothing donates damaged and returned items to the Clothing Bank. In FY23 we donated clothing to the retail value of R11.6 million. The Clothing Bank has more than 700 active businesswomen, who sell clothing to sustain their livelihoods. We laundered and donated clothing stock damaged during floods in KwaZulu-Natal to the cost value of R8.2 million to the LIV Village organisation caring for orphaned and vulnerable children. 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, amounting to R87 000.

Pick n Pay has collaborated with the Sunflower Fund for 20 years. In FY23 we sold 105 000 "tope" bandanas during the Sunflower Day campaign, raising R1 million towards fighting blood diseases like leukaemia.

In support of Breast Cancer Awareness month, Pick n Pay raised R600 000 for breast cancer support group Reach for Recovery, by donating R1 from every pink punnet of mushrooms we sold during October, towards breast prostheses for cancer survivors who can't afford them.

The designs of our re-usable shopping bags create awareness and funding for local non-profit organisations as proceeds from these bag sales go to selected charities.

Waste to resource: building garden beds with ecobricks



Eco-Bricks Food Garden at False Bay College



Pick n Pay, in partnership with Waste-ED, has developed food gardens at two schools using eco-bricks donated by customers. These plastic bottles are densely packed with non-recyclables like used plastic to create re-usable building blocks. The project not only teaches learners and the community about building with eco-bricks, but also includes waste education, support and training in gardening.

INVESTING IN OUR PEOPLE

Our people are at the heart of what we do. In striving to be an employer of choice, our commitment to employees is that we provide good jobs, effective training and development initiatives, competitive pay, good working conditions and an opportunity to progress. Creating a caring and more inclusive and diverse workplace provides a critical foundation for promoting our desired organisational culture and achieving our Ekuseni objectives.

Highlights

More than **4 000** new jobs created, largely through growth in Boxer and Clothing stores and online delivery services

R8.3 billion total employee costs

R102.1 million in training and education; **97%** of training spend directed to previously disadvantaged employees

More than doubled our offering of e-learning courses; **92 353** e-learning lessons completed compared to 39 426 in FY22

Providing employees with flexibility to access and complete courses that deliver relevant skills on demand

R3.3 million in bursaries

Challenges

Load-shedding has caused disruption and challenges for all our employees

Rising operational costs require an organisational restructuring process to realise efficiencies and improved productivity

Retaining employees living with a disability requires additional focus from managers

 Code of Ethics

 Human rights policy

 Harassment policy

 Employment equity policy

Job security

South Africa's unemployment crisis has been exacerbated by retraction in the economy and the ongoing crisis in national electricity generation has had a profound impact on every part of society and the economy. Despite the depressed local environment, the Group was able to secure jobs in FY23. By increasing our footprint, including 58 new Clothing stores and 60 new Boxer stores, we created more than 4 000 new jobs. Going forward, we expect to increase employment opportunities through ongoing expansion in these areas of the business.

The Group delivered a robust performance in FY23 in a very challenging operating environment. The prevailing issue has been the high frequency of electricity outages, causing unprecedented disruption in the retail sector and rising operational costs. The Group spent an incremental R522 million on diesel to run generators (R430 million net of electricity savings) to provide uninterrupted service for customers in our stores. Given the ongoing challenges we face, we need to ensure that we create a fit-for-purpose organisational structure to realise efficiencies and improved productivity. Pick n Pay company-owned operations commenced with modernising its junior store management structures in March 2023 to best support changing customer and operational needs. The Group anticipates that some roles are likely to be lost through a section 189 retrenchment process. However, the business is also creating a broadly equivalent number of new roles at a more junior level. This process is underway with good progress to date.

Health, safety and well-being

We are committed to keeping colleagues safe and helping them live a healthier and more sustainable lifestyle so they can be their best at work and home. Our approach has always been to raise awareness, inspire and motivate colleagues to look after their well-being.

We recently consolidated our wellness interventions into one core programme that covers key areas: mental, physical and financial well-being, employee benefits including medical aid options, and support with navigating the digital space. The roll-out of the initiative has been supported through monthly campaigns focusing on each of the focus areas. Information on our various initiatives, application forms and assistance, is available through an online platform. We conduct health awareness campaigns which assist in encouraging employees to complete wellness screenings, including blood pressure, glucose, cholesterol, body mass index and HIV tests during the wellness days, which are held nationally across its business.

Supporting the mental well-being of our people is a particular focus. We have a company-funded employee assistance programme to support individuals in identifying and managing challenges. Every month we have a mental wellness week in which we focus on a specific issue. We implement a hybrid working policy at Pick n Pay for office-based employees to help them optimise their time management.

All employees receive health and safety training as part of their induction. Specific training is provided where required. We have a team of occupational health and safety (OHS) practitioners who coordinate our health and safety activities and provide health advice and referrals when needed. We conduct monthly internal OHS audits to ensure compliance with the OHS Act and identify and address areas for corrective action or improvement.

We have established an operations centre that focuses on managing security-related risks. We strengthened security measures at our 12 highest risk Pick n Pay company-owned stores, including the addition of resistant and inter-locking doors. This has significantly reduced security-related incidents at Pick n Pay company-owned stores in FY23. Similarly, Boxer has a formal process where high-risk Boxer stores are identified and stringent measures are implemented to mitigate security-related risks.

Boxer partners with organisations to support the health and wellness of communities



Boxer maintains a continuous partnership with organisations dedicated to supporting communities in the field of health. Whether it involves upgrading paediatric wards or bringing smiles to children's faces, the commitment to assisting and aiding the vulnerable stands as a cornerstone of the Boxer Ubuntu Projects. In addition to the restoration of paediatric wards, Boxer collaborates with the Smile Foundation to bring back smiles to children throughout South Africa.

 **Health and safety**

Diversity, equity and inclusion

We are building a diversity-conscious workforce and making sure that all employees feel like they belong. The Group's Code of Ethics and Values set out the behaviours we expect of all our colleagues and is supported by various anti-discrimination policies. We have a zero-tolerance approach to bullying, harassment, gender-based violence (GBV) and victimisation. We rolled out a Group-wide campaign to raise awareness and understanding among all employees about harassment and the Group's updated harassment policy through a combination of in-person, video and online training sessions.




IT'S JUST NOT THE PICK n PAY WAY
We care for, and respect each other

REPORT IT. END IT.
Free anonymous Ethics and Values Line
0800 772 759

#ITSNEVEROK #ZEROTOLERANCE

A toll-free confidential reporting service operated by an independent whistleblowing service provider enables employees to raise concerns about potentially unethical, unlawful or unsafe conduct or practices that conflict with our Values and Code of Ethics.

To foster our desired culture of values, we have started implementing a multi-year campaign to deepen awareness of the Group's values and ethics through behaviour-based initiatives. Supporting this drive and the delivery of our five-year employment equity (EE) plan in South Africa, which sets progressive EE targets and commitments, we have developed a diversity and inclusion (D&I) strategy which provides a roadmap to deliver on clear objectives.

We take deliberate action to achieve employment equity and gender targets. EE headcounts form part of KPIs of all personnel who make decisions about hiring and promotions. Our progress in advancing retail-specific learnerships for our employees contributed to the Group's overall B-BBEE rating improving from Level 7 to 5.

Women represent 64% of the workforce and 32% of top and senior management.

More than 4 000 jobs created in Boxer, Clothing and Omnichannel growth engines.

We provide opportunities for people living with disabilities (in most cases, a learning difficulty) through our retail operations learnership programme. At year-end Pick n Pay employed 617 and Boxer 252 people with disabilities, with 10 in managerial positions. To address the decline in representation from 896 to 869, we are engaging with our managers to help them better understand how to provide more individualised support to promote retention.

Our permanent employee turnover rate of 19% is in line with the industry benchmark.



Value chain



Talent management and development

The Group has always supported colleagues of all ages with opportunities to gain new skills and knowledge and to develop themselves. Our investments in training strive to align meeting business needs with delivering on our diversity and transformation goals.

We promote from within and seek the best talent available locally and, when necessary, globally. Programmes to ensure ongoing talent pipeline progress include our 12-month training and work experience programme for graduates, Chartered Accountant (SA) programme, retail business performance management programme for middle management, and learnership programmes.

The Group invested R102 million in learning and skills development in FY23. HDSA employees accounted for 97% of those trained, of which 65% are women.



Labour/human capital

Our innovative cloud-based Pick n Pay HR system "Workday" introduced last year is increasingly improving our capability and delivery through digitalisation. The platform keeps all our people data on one core system and empowers our employees and line managers to manage their working life better through self-service and personal development tools. Workday can be accessed through any browser or an app on a phone. Boxer uses Yobic in Boxer owned stores with similar functionality. We provide devices in most company-owned stores for people who do not have devices.

Through Workday, Pick n Pay has doubled the number of e-learning courses offered to employees. The number of e-learning courses completed during FY23 more than doubled compared to the previous year. Focus areas have included multi-skilling employees in stores to be able to perform more diverse tasks, training frontline workers and our growing team of on-demand delivery (asap!) pickers, and providing training to support the delivery of our Ekuseni ambitions. Pick n Pay's redesigned trainee manager programme is delivered largely through Workday over a much shorter period of 18 to 30 months.

Advanced e-learning in Pick n Pay

10 courses with 87 lessons

Udemy for Business +8 000 courses offered

Additional trainee manager programme with 257 lessons

E-learning courses completed in FY23 - 92 353

Pick n Pay has also rolled out access to our e-learning courses to our franchise stores in South Africa. Building on its internal content, Pick n Pay has introduced the Udemy for Business platform for skills development as a responsive and flexible way of providing a broad range of courses to employees in our corporate functions, as well as managers in company-owned store operations. Employees can access high-end courses that deliver relevant skills on demand and complete them when convenient.

The Group invests in building a strong and diverse leadership team. As part of succession planning, we conduct talent mapping to identify and fill talent gaps in the organisation. We strive to train and develop skills and provide adequate support and mentoring to ensure progression and succession in the business is robust and effective. We have strengthened our change management capability and are reviewing our talent management programmes and performance management approach with the aim of enhancing their role in promoting delivery of our ambitious strategic objectives and performance targets. We completed a review of the effectiveness of the Long-Term Incentive (LTI) scheme in respect of retention and the incentivisation of performance. The LTI includes at least at two specific sustainability performance indicators for each of our executives and head of departments.

We are committed to fair and equitable remuneration practices across the Group, including a focus on improving income disparity at lower levels of management, and providing a fair wage for our employees. Guaranteed pay and variable benefits are benchmarked against industry norms. The provision of retirement and health care benefits is a key part of our employee value proposition.

ESG DATABOOK

This section reviews the Group’s response to sustainability/ESG impacts, risks and opportunities against the disclosure guidance presented by the JSE Limited (JSE) in its Sustainability Disclosure Guidance published in June 2022.

The Group’s ESG disclosure adopts a double materiality approach in alignment with the JSE guidance. Accordingly, the tables that follow include topics material to our ability to create or protect enterprise value, as well as those that address our impact on society, the environment and the economy.

SUSTAINABILITY GOVERNANCE

Board oversight

The Pick n Pay Stores Limited Board of Directors has ultimate oversight of sustainability and ESG-related issues pertinent to the business, including the process of integrating sustainability into our strategy, decision-making and governance practices.

ESG issues present both increasing challenges and opportunities within the South African retail environment. Our response to these issues is informed by the Group’s enduring family values, our Code of Ethics and our founding belief that companies have a significant role to play in addressing the social and environmental challenges of our time.

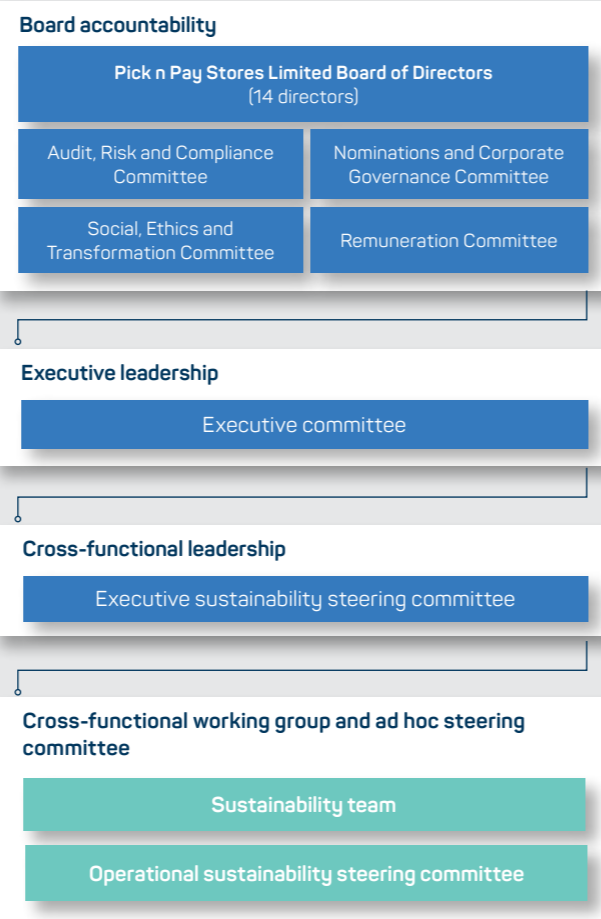
The Board oversees the process of sustainability integration across the Group. We recognise that this is a complex and multi-faceted process, requiring a multi-horizon perspective. Our ESG framework guides Group-wide decision-making and action in this respect.

The Social, Ethics and Transformation committee oversees the Group-wide process of sustainability/ESG integration and plays an active role in monitoring the Group’s activities and disclosure in terms of ESG-related legislation, regulations and codes of best practice.

For further detail, please refer to the [Social, Ethics and Transformation Committee \(SETC\) Report](#).

Sustainability governance structure

Environmental and social challenges impact virtually all aspects of our business – from products and packaging to our growth opportunity in the value market to employees’ interest in our broader social purpose and contribution. Our sustainability governance structure is focused on progressing the integration of these considerations into decision-making and Group operations.



Our sustainability governance structure remains unchanged. However, the topic received significant focus during the year. We continue to engage The Ethics Institute of South Africa to assist us with governance training.

● Oversight ● Operational implementation

Skills, competencies and access to diversity of views

The Group’s directors are diverse in terms of gender, race and professional backgrounds. They contribute different perspectives to enhance decision-making and improve our reflection on issues under consideration by the Board. Directors are well-placed to consider the significant range of sustainability issues pertinent to our operations and value chain, as well as to our growth ambitions in our respective retail markets.

The ESG executive, Vaughan Pierce, has direct access to the Board, which enhances our ability to drive top-down integration. The sustainability team keeps the Social, Ethics and Transformation Committee (SETC) and the Board abreast of the latest developments. Where particular professional skill sets are required, we contract advisors and consultants accordingly.

Remuneration

Management reviews the performance of all employees each year. We are committed to fair and equitable remuneration practices across the Group, including a focus on improving income disparity at lower levels of management, and providing a fair wage for our employees.

During this reporting year, we completed a review of the effectiveness of the LTI policy in respect of the objectives of Ekuseni. The new policy includes at least two specific sustainability performance indicators for each of our executives.

Please refer to the [Remuneration Report](#) for further information.

Policies, codes and guidance frameworks

We continue to develop and refine policies that govern our approach to material ESG issues. These include policies for climate and energy, sustainable packaging, seafood, palm oil and recombinant Bovine Somatotropin (rBST), water and waste, and a broad range of employee and ethics-related policies.

Our policies are available on our website at <https://www.picknpayinvestor.co.za/doing-good.php>.

Our ESG reporting and disclosures are informed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) Standards, and the Value Reporting Foundation’s Sustainability Accounting Standards Board (SASB) Standards. We are tracking developments with respect to the International Sustainability Standards Board (ISSB) and are pleased to note increasing alignment emerging in ESG expectations, both globally and in relation to the Sustainability Disclosure Guidance published by the JSE in 2022. We believe our approach is well-placed to guide our sustainability disclosure efforts into the future.

Further standards or guidance frameworks with which we align and that continue to inform our disclosure include:

- King IV Report on Corporate Governance
- Sustainable Development Goals (SDGs)
- United Nations Global Compact
- CDP Climate Change
- CDP Water

ESG disclosure and communication

We integrate ESG-related issues pertinent to the creation and protection of enterprise value in our Integrated Report. We continue to supplement our reporting suite with an [ESG Data Book](#).

We continue to enhance our disclosure capability and presently disclose against more than 1 300 ESG indicators across a range of ratings agencies and guidance document criteria with more than 210 reported on in our ESG Data Book. Specifically, we are working towards increased disclosure and transparency on:

- Climate-related risks and opportunities
- Labour and wage practices
- Human rights and fair trade across the supply chain

The Group is one of the top 3 retailers in South Africa on the IRAS Sustainability/ESG Data Transparency Index (SDTI). The Pick n Pay Group is assessed and scored against ESG indices, including the FTSE Russell, S&P Dow Jones and MSCI. We have retained our listing on the FTSE/JSE Responsible Investment Index Series and are presently listed on the FTSE4Good Emerging Index.

Our ESG data management system is integral to our ability to meet the evolving disclosure expectations of our stakeholders. This year we have quantitatively reported against a more comprehensive set of performance indicators. We have developed high-level dashboards that align with the Ekuseni strategy. These are covered in detail in [Metrics, Targets and Performance](#).

The integrity of all reports remains the responsibility of the Group Board of Directors. All sustainability-related information is approved by the Board’s Social, Ethics and Transformation Committee. Since 2022, our ESG Report has been subject to an internal and external assurance process. Accredited service providers have verified selected performance metrics contained in the report, as well as our carbon footprint and our B-BBEE rating.

Refer to our [combined assurance statement](#) for further information.

SUSTAINABILITY STRATEGY

The Group's ESG framework prioritises sustainability-related issues that impact our ability to create, protect or enable value across a range of stakeholder groups.

Sustainability-related impacts, risks and opportunities

Our ESG framework is based on analysis of ESG impacts and dependencies critical to our business model. At a high level, these have remained consistent, although details and emphases shift in accordance with changing operational environments and stakeholder interests.

Key ESG issues material to our business model include:

- Access to quality, nutritious food at affordable prices
- Carbon emissions (including carbon disclosure)
- Energy use (fuel and electricity)
- Waste, in particular plastic and food waste
- Water intensity
- Promoting products with sustainability attributes
- Supplier ESG practices and ethical sourcing
- Local suppliers
- Transformation
- Employee training and development
- Employee health and wellness
- ESG data and data accuracy

Materiality determination

Selected executives and senior managers engage in a facilitated materiality process to reflect on a broad range of issues that could significantly impact on the Group's ability to create and sustain value. This process allows us to sense-check the relevance of identified ESG issues, potential risks to enterprise value and our ability to turn these risks into opportunities for value creation.

Our materiality review is primarily driven through the risk management process. It forms part of the Group's comprehensive, enterprise-wide risk management and combined assurance programme.

Strategic framework

The Group's ESG framework is informed by our key sustainability/ESG issues. It plays an important role in informing decision-making in relation to current and emerging social and environmental challenges and opportunities. It also helps to align our efforts with national and global sustainable development goals.

The following focus areas are addressed in the respective sections of this report. Key elements are summarised here.



Increasing ESG integration across the Group's operations

Our key goals and targets

Partnering to shift the food system
 Food is a fundamental need and South Africa's food system remains under strain, primarily impacting poorer households. By trading under three main customer-facing banners, our Ekuseni strategy has made it possible to deliver on specific customer ESG interests and needs. These include lower pricing on essentials (typically at Boxer and QualiSave stores) and a greater range of sustainability attributes (typically at Pick n Pay stores). Affordability is further enhanced by our Smart Shopper loyalty card, which continues to grow from 9.5 million in FY22 to 11 million active members in FY23. Spearheading our exploration of sustainable product innovation, the Pick n Pay Live Well range offers a green range for consumers who seek explicitly sustainable attributes. We remained focused on local procurement and are extending sound ESG practices across our supply chain. Our inclusive supply chain supports hundreds of emerging entrepreneurs and ensures that our supporting ecosystem is more resilient. By continuing to reduce food waste, we improve our productivity and assist in the fight against hunger through our partnership with FoodForward SA.

Reducing our environmental impact
 We continue to invest in energy efficiency and the expansion of renewable energy. This commitment further supports route-planning optimisation and the reduction of product waste at our distribution centres and stores. It also drives packaging innovations in support of the SA Plastics Pact drive for reusable, recyclable or compostable plastic packaging. As awareness of environmental issues grows, environmental commitment and performance are integral to our brand equity. Evidence of our commitment and progress is now facilitating our ability to access finance that is increasingly tied to sustainability provisions.

Supporting communities
 We are committed to an inclusive and transformed organisation, and to ensuring that all our employees are healthy and well-trained. Our focus is on providing good jobs and working conditions, effective training, competitive remuneration and opportunity to progress. Diversity, equity and inclusion are critical to effective decision-making, and we continue to make good progress on our broad-based black economic empowerment commitments. Stakeholder engagement and outreach is becoming increasingly important, given the systemic nature of many sustainability challenges and the need to work with our retail peers in advocating for positive change.

Investing in our people
 Our people are at the heart of what we do. In striving to be an employer of choice, our commitment to employees is that we provide good jobs, effective training and development initiatives, competitive pay, good working conditions and an opportunity to progress. We created more than 4 000 jobs in Boxer, Clothing and Omnichannel and implemented a multi-skilling agreement essential to deliver higher store productivity and customer service. Our junior Store Management Modernisation will deliver greater efficiency and clarity and the Pick n Pay Voluntary Severance Programme (VSP) will enable us to accelerate savings while giving colleagues choice on participation.
 We seek to ensure that the composition of our employee base at all levels accurately reflects wider society. We use our skills base and diversity as an advantage in building an engaged, innovative and successful business.

Collaborating for a nature positive food system

For well over a decade, WWF South Africa and Pick n Pay have collaborated in various forms.

This began in 2006 and was formalised in 2010 as a partnership to support WWF's then Sustainable Fisheries (now Marine) Programme. The Marine Programme aims to restore at least half of the country's over-exploited fish stocks to sustainably managed levels, while maintaining or improving the state of other commercially important stocks. This is done by applying an Ecosystem Approach to Fisheries (EAF) and reducing the impacts of destructive fishing practices to acceptable levels.

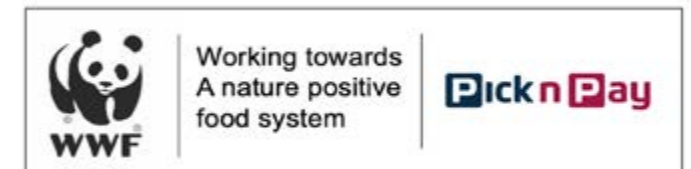
In 2011, Pick n Pay announced a commitment to transform its entire fresh, frozen and canned seafood operations to meet strict sustainability standards. The commitment was the first of its kind in Africa.

In 2023, WWF and Pick n Pay are continuing their marine work together. This includes not only supporting fisheries improvement projects that assist the continued development of the South African seafood sector, but also expanding the work to cover some key issues across the food system.

In particular, the partnership will focus on helping Pick n Pay suppliers to better understand water risk, improve measurement of food loss/waste and identify hotspots, and support suppliers in their own carbon emission reduction journeys.

This will also form part of Pick n Pay's Scope 3 target setting process in terms of the Science-Based Targets Initiative (SBTI).

The partnership will also aim to build awareness and understanding of key sustainability issues among Pick n Pay staff and customers, and engage with the Pick n Pay School Club.



Our ESG focus areas align with the Ekuseni strategy, as discussed further below. This ensures that our commitment, disclosure and transparency on hard ESG targets are sustainable for the organisation while delivering measurable stakeholder value in line with the global UN Sustainable Development Goals (SDGs).

Integration into business strategy and planning

Our strategic plan, Ekuseni, was launched in May 2022. Ekuseni's overall goal is to serve more customers better and create more jobs, while reducing our negative impact on the environment. Each element of Ekuseni opens opportunity for greater ESG integration and greater potential for positive ESG impact at scale:

Building on our core strengths, the strategy focuses on:

1. Refined and strengthened Pick n Pay customer value proposition
2. Accelerating the growth of Boxer
3. Building a market leading online offer
4. Funding our ambition through Project Future
5. Delivery through our people

ESG integration into our business strategy is covered in our Chief Executive Officer's statement and summarised here.

1. A Refined and Strengthened Customer Value Proposition (CVP) for Pick n Pay

In the face of increasing social and environmental pressures, ESG integration is key to our refined and strengthened value proposition. Key areas of integration addressed by our teams include:

- Decoupling of our customer-facing brands into three banners, has enabled us to simultaneously increase affordability and introduce new sustainable product attributes
- Relentless focus on cost reduction, allowing us to maintain affordability of staples in the face of a highly volatile commodity market
- By reducing our environmental impact, we enhance efficient cash and capital management and operational excellence
- Firm environmental targets driving further savings through energy conservation, expansion of renewable energy and waste reduction

2. Accelerating Boxer Growth

Targeting the lower LSM market, Boxer is the leading limited-range discounter in Africa. Accelerating growth recognises the opportunity in underserved markets, and key areas of integration include:

- More affordable, quality nutrition
- Increased job opportunities
- The ability to address complex challenges such as the need to meet higher ESG standards while simultaneously increasing affordability and inclusion

3. Building a Market Leading Online Offer

Digital technology allows us to scale positive social and environmental impacts through multiple stakeholder networks. Key areas of integration include:

- An on-demand food grocery offering, with engagements underway to transition to e-bikes in the near future
- Improved inventory and returns management (waste reduction)
- Streamlined engagement and feedback channels (customer insights)
- Effective tracking of ESG impacts (data management)

4. Funding our Ambition through Project Future

Given the increasing ESG focus of the investment community and financial services sector, positive ESG performance is opening access to preferential terms and lines of funding. Key areas of integration include:

- Our modernisation and efficiency plan, which has incorporated energy, water and waste reductions
- A shift to science-based targets for greenhouse gas emissions and our commitment to disclose in terms of the Task Force on Climate-Related Financial Disclosures
- Our new lines and long-term borrowings include ESG targets for lower funding rates

5. Delivery through People

We are building a future-fit, high-performance team. By making management teams more diverse, we access critical business intelligence and networks informed by diverse experiences and backgrounds. Key areas of ESG integration include:

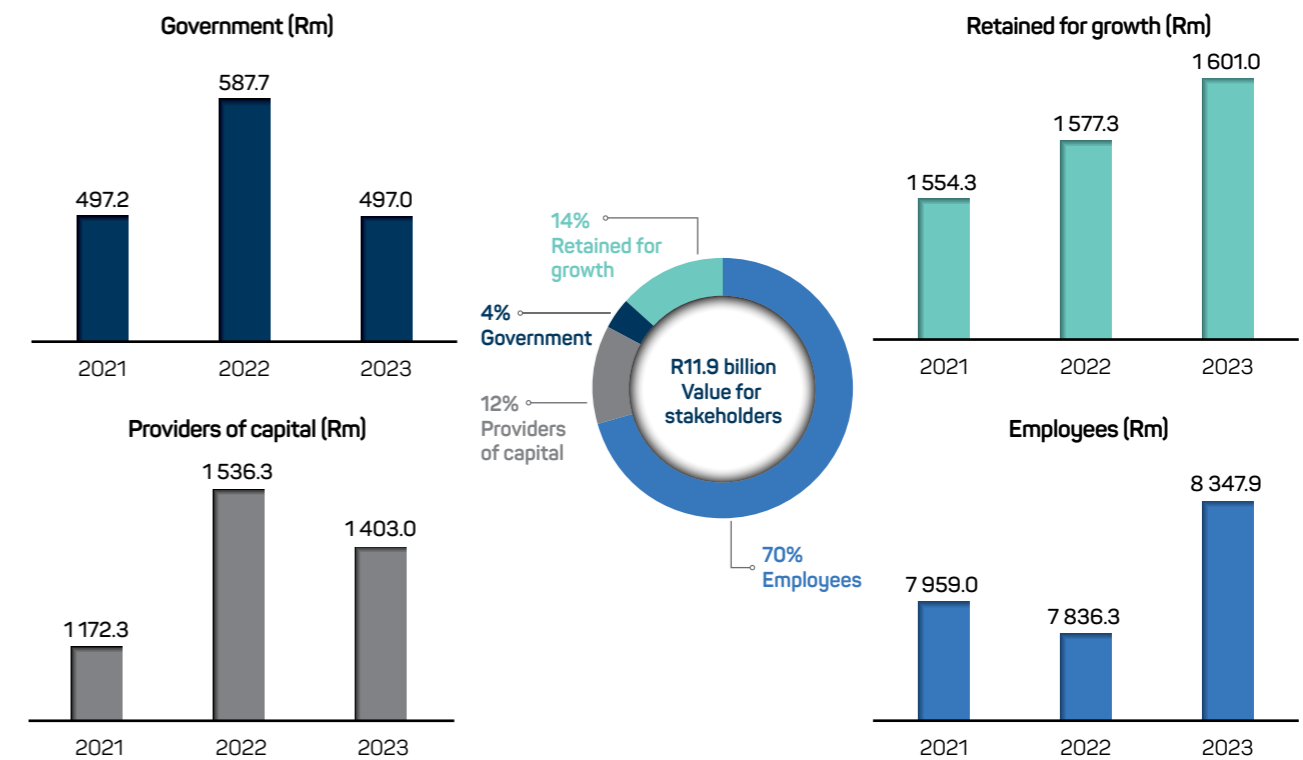
- Job opportunities and talent retention
- Diversity, equity and inclusion (DEI)
- Skills development and learning
- Effective hybrid working

We are committed to further pursue and scale positive sustainability impact through our core business and include data on all the above elements in the ESG/Sustainability Databook.

Potential trade-offs

- Use of diesel (to counter load-shedding) vs carbon footprint – requires that we accelerate our transition to renewables
- Just in time to just in case (recognising supply chain disruption) – requires increasing agility of procurement teams and optimised stock management
- Building a future-fit, high performing team and extending employment opportunities vs Voluntary Severance Programme in the light of increased pressure and operational constraints
- Access in township areas vs safety and civil disruption – requires awareness on the ground and ability to respond quickly to signals
- Using local vs lower cost overseas – requires long-term investment in local capabilities, particularly relevant in clothing
- Personalisation vs keeping costs low – requires digitalisation
- Local suppliers vs high standards of ESG – requires supply chain support and tracking
- Packaging cost reductions vs commitment to reusable/recyclable/compostable content – requires packaging innovation (e.g. moving back to plastic as a result of customer feedback and cost)
- Speed to market vs route and load optimisation – requires smart logistics

Stakeholder value creation/erosion



The year-on-year fluctuations in the value distributed to stakeholders over the past three years reflect the financial impact of significant trade disruption over the period, including the Covid-19 pandemic (FY21), civil unrest (FY22) and more recently, elevated levels of load-shedding (FY23). Please refer to the CFO's report on page 68 of the IAR for each period for further information.



MANAGEMENT APPROACH

The Group recognises the interconnectedness of ESG issues and the need to integrate such considerations into the full spectrum of our management processes. We are informed by longer-term considerations, helping to orient our management practices to sustainable growth.

Integration into risk management

The Group's risk management process addresses all risks to the business, including ESG-related risks. Our ESG risks are focused in three areas:

- Climate risk is a pervasive and highly-interconnected risk, with extreme weather events posing a risk to our accessibility, store network and vehicle fleets. Given the strong investor focus on climate risk, our response to these risks may also impact our cost of capital going forward.
- We have a large supply chain and depend on many companies' commitment to ethical and sustainable practices. In support of our strong commitment to local suppliers, it is imperative that we build on current efforts to promote, track and support ethical and sustainable practices across our supplier network.
- We operate a large, highly distributed store network. Given that our stores must remain accessible to all our customers, civil unrest remains a key risk, both before and after mitigation.

Given South Africa's current challenges and a strong investor focus on anti-corruption, ethics is an important cross-cutting element of our risk culture.

Refer to the  Risk Management report in the IAR for further information.

Integration into opportunity identification and capture

Our strategic focus on partnering to shift the food system requires a keen awareness of South African social dynamics and trends. Integration into opportunity identification and capture includes:

- Affordable essentials in underserved markets (Boxer and QualiSave)
- Expansion of sustainability-related product ranges (Live Well)
- A steadfast reduction in food waste
- Advocacy opportunities, including the instrumental role we played in the Retail CEO letter to President Ramaphosa on the energy crisis

While the Group has limited opportunity to address national energy and climate challenge at scale, our commitment to reducing environmental impacts continues to open opportunities for:

- Electricity conservation at stores and distribution centres
- Renewable energy installation
- Improved efficiencies in our distribution operations

Investing in people and communities enhances the social ecosystems that underpin our success. Our large supply chain presents a significant opportunity for:


- Local supply chain support (85% of Pick n Pay private label products locally sourced)
- Small, medium and micro enterprise support
- Scaling positive ESG practices through our supplier network

CSI efforts continue to support our strategic focus areas, at times piloting scalable interventions.

- Our Feed the Nation food drive, food gardens, and partnership with FoodForward SA supports our commitment on partnering to shift the food system
- Our Pick n Pay and Boxer School Club environmental and recycling drives, as well as the social media platform, expands our environmental efforts to communities across South Africa

Please refer to our  **ESG/Sustainability Databook** for detailed information on how we are responding to these opportunities.

Integration into planning and decision-making

The Pick n Pay Group is committed to ESG integration into planning and decision-making across all its operations. Informed by an analysis of material sustainability issues, our ESG Framework provides direction and guidance and is taken into consideration during our strategy sessions, business planning cycles and relevant day-to-day decisions. Performance indicators for each focus area highlight initiatives already underway, helping decision-makers to align available skills and capabilities and draw on internal experience. We are developing targets that provide clarity on our strategic ambitions in relation to each of the focus areas. These are presented in the  **Metrics, Targets and Performance** section below.

Integration into management systems

Sustainability is a cross-cutting function. To achieve the transition we seek, we are reviewing existing management systems for integration opportunities and using digital platforms to enhance inter-operability. This supports our alignment with best practice and will increase our resilience into the future.

Our key sustainability-related management systems include:

- Risk management (see above)
- Safety, Health and Environment (SHE) management
- Quality management
- Data management
- Disclosure management

Integration into innovation



Sustainability thinking is becoming a part of our culture and will increasingly inform the innovative efforts of our teams. We believe everyone can make a contribution, no matter how small. Key innovation areas informed by our sustainability commitments include:

- Affordability
- New products (including sustainable product ranges such as Live Well)
- Packaging reduction
- Process improvements (including operational and logistics efficiencies)
- Supply chain development (including local, SMME and ESG support)

METRICS, TARGETS AND PERFORMANCE

The Pick n Pay Group recognises the importance of ESG metrics and targets to support our allocation of effort and enhance our communication with stakeholders.

ESG performance

We are progressing on each of our ESG focus areas, as indicated by reported performance trends. Please refer to our  **ESG Report** and  **ESG Databook** for further information on our performance.

ESG data

ESG data falls within the scope of the Group's data management practices. We are increasingly digitising our data process and have expanded the scope of our online waste management dashboard to include carbon, electricity and water variables. In addition to helping us collate and retain accurate ESG data, our data systems ensure that our Group and customer's rights to privacy and confidentiality are not breached. ESG data management has matured through the publication of a stand-alone Sustainability Report since 2008. Looking ahead, we anticipate further expansion of digital data platforms, as well as increased integration and inter-operability.

Verification and assurance

All ESG information in our integrated reporting suite has been approved by the Board. Accredited service providers have assured selected non-financial performance metrics, including the Group's broad-based black economic empowerment (B-BBEE) rating and carbon footprint. Management has verified the processes for measuring all other non-financial information.

Combined assurance refers to internal and external parties working together to assure information communicated to stakeholders. Our combined assurance model is the responsibility of the Audit, Risk and Compliance Committee and is designed to cover the organisation's significant risks and material matters.

Please refer to our  **Audit, Risk and Compliance Report** for further information.

GROUP ESG/SUSTAINABILITY PERFORMANCE DATA

All data contained in this databook is for the Group unless otherwise specified in the subheading of the specific section, or in the indicator itself.

ESG/Sustainability Databook	FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS
Economic								
1 Rand Million Value of Total Turnover Generated	106 561.8	97 872.8	93 078.8	89 186.5	201-1		S2.4a	
2 Rand Million Value of Total Turnover Generated in South Africa	102 721.3	94 535.2	89 919.2	85 628.3	201-1			
3 Percentage of Turnover Generated in South Africa	96.4%	96.6%	96.6%	96.0%				
4 Rand Million Value of Total Revenue Generated per Employee, including full time and variable time employees	1.8	1.7	1.7	1.7				
5 Rand Million Value of Net Profit After Tax Generated	1 169.9	1 214.5	967.1	1 194.7	201-1			
6 Rand Value of Net Profit After Tax per Employee, including full time and variable time employees	19 649.0	21 310.4	17 519.9	21 761.4				
7 Rand Million Value of Total Compensation Paid to Employees, including wages and benefits	8 347.9	7 836.3	7 959.0	7 368.2	201-1		S2.4a	
8 Average Compensation Paid to Employees, including wages and benefits of full time and variable time employees	139 553	137 501	144 184	134 211				
9 Total Rand Million Value of Compensation Paid to Executive Directors – Excluding Gains Realised from LTI Awards	38 555	49 130	79 749	30 070	2-19			
10 Total Rand Million Compensation Paid to Executive Directors and Key Management Personnel – excluding 'gains realised from LTI awards'	108.9	143.7	-	-				
11 Ratio of Net Profit After Tax per Employee to Average Compensation per Employee	0.1	0.2	0.1	0.2				
12 Rand Billion Value of Total Discretionary/Measured Procurement Spend (South Africa Only)	85.6	-	-	-	204-1			Reported for the first time in FY23
13 Rand Million Value of Total Taxes Paid, inclusive of VAT, income tax, royalties, rates & taxes, and all other payments to Government	2 035	2 571	2 669	2 688	201-1		G5.1a & S2.4a	FY23 tax rate at 31% remains aligned with prior years
14 Rand Million Value of Total Taxes Paid in South Africa	1 937	2 471	2 584	2 563	201-1			FY23 tax rate at 31% remains aligned with prior years
15 Percentage of Total Taxes Paid in South Africa	95.2%	96.1%	96.8%	95.3%	201-1			
16 Rand Million Value of Payments to Providers of Capital	1 416.0	1 521.6	1 231.0	1 602.9			S2.4a	
17 Rand Million Value of Dividends Paid to Shareholders	881.5	1 081.1	876.0	1 039.4	201-1			Prior year reporting updated to align to current year methodology
18 Rand Million Value of Retained Earnings	4 685.2	4 717.3	4 573.5	4 303.2	201-1			
19 Ratio of Payments to Employees relative to Dividends paid to Shareholders	9.5	7.2	9.1	7.1				Prior year reporting updated to align to current year methodology
20 Ratio of Payments to Government relative to Dividends paid to Shareholders	0.6	0.5	0.6	0.5				Prior year reporting updated to align to current year methodology
21 Rand Million Value of Current Assets – Total	17 495.6	19 250.8	16 648.5	12 886.7				
22 Rand Million Value of Current Liabilities – Total	23 529.1	22 972.3	20 107.6	16 303.6				
23 Rand Million Value of Capital Expenditures (Capex)	4 000.0	2 500.0	1 600.0	1 700.0				

- Not reported in given financial year

* Prior years' data updated to reflect FY23 reporting methodology and/or due to more reliable data becoming available

ESG/Sustainability Databook		FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS
Governance									
24	Number of Board Members	14	14	15	13	2-9			
25	Number of Board Members who are deemed Non-Executive	12	10	10	7	2-9			
26	Percentage of Board Members who are deemed Non-Executive	85.7%	71.4%	66.7%	53.8%	2-9			
27	Number of Board Members who are deemed Executive	2	4	5	6	2-9			
28	Number of Board Members who are deemed 'Independent'	8	7	7	5	2-9		G1.3	
29	Percentage of Non- Executive Board Members who are deemed 'Independent'	66.7%	70.0%	70.0%	71.4%	2-9		G1.3	Jonathan Ackerman retired as exec director and appointed as non-exec director on 31 March 2023
30	Number of Board Members who are deemed 'HDSA'	5	5	5	4	2-9		G1.1	
31	Percentage of Board Members who are deemed 'HDSA'	35.7%	35.7%	33.3%	30.8%	2-9		G1.1	
32	Number of Board Members who are Women	5	5	5	4	2-9		G1.1	
33	Percentage of Board Members who are Women	35.7%	35.7%	33.3%	30.8%	2-9		G1.1	
34	Average Length of Executive Director Service (in years)	2.5	9.6	8.7	7.7	2-9		G1.3	
35	Average Length of Non-Executive Director Service (in years)	11.4	13.9	12.4	15.9	2-9		G1.3	
36	Average Length of Director (full Board) Service (in years)	10.1	12.5	11.3	12.7	2-9		G1.3	
37	Average Age of Directors (in years)	58.6	60.2	59.2	59.6	405-1		G1.3	
38	Overall Board and Committee Meeting attendance	100.0%	100.0%	100.0%	88.5%				
39	Name of Financial Auditor	Ernst & Young Inc.	Ernst & Young Inc.	Ernst & Young Inc.	Ernst & Young Inc.				
40	Auditor Remuneration: % of Non-audit Fees	0.0%	0.0%	2.2%	3.6%				
41	Length of Current Auditor's service	8	7	6	5				
42	Independence of Board Chairman	No	No	No	No	2-11			
43	Does the company have a publicly available policy on Board Conflicts of Interest & Politically Exposed Persons?	Yes	Yes	Yes	Yes	2-15			
44	Does the company provide public disclosure on any/all Board member Politically Exposed Persons (PEP)?	n/a	n/a	n/a	n/a				
45	Does the Board sign off on publicly available Climate Related Financial Disclosures, as per TCFD?	Yes	Yes	Yes	-	2-5a			
46	Does the company have a publicly available human rights policy?	Yes	Yes	Yes	-	2-23a			
47	Does the company include ESG into service level agreements with suppliers?	Yes	Yes	Yes	Yes	308-1 & 414-1	FB-FR-430a.3	S5.1c	
48	Does the company formally audit suppliers and contractors for ESG compliance (including human rights)?	Yes	Yes	Yes	Yes	308-1 & 308-2 & 414-2		S5.1c	
49	Are shareholders given the right to vote on executive remuneration, and is the vote binding?	Partial	Partial	Partial	Partial	2-20 & 2-21			
50	Are shareholders given the right to vote on sustainability-related resolutions, and are the votes binding?	No	No	No	No				
51	Does the company publicly disclose its voting record on sustainability-related resolutions and are the votes binding?	n/a	n/a	n/a	n/a				
52	Is executive remuneration linked to ESG (i.e., is a proportion of remuneration/bonuses linked to Health, Safety and/or Environmental performance)?	Yes	Yes	Yes	Yes	2-19b		G2.1	
53	Is the company's policy on Board Gender Diversity and Board Race Diversity publicly available?	Yes	Yes	Yes	Yes			G1.1	
54	Does the company publicly provide targets with respect to Board Gender and Race Diversity?	Yes	Yes	Yes	Yes			G1.1	
55	Does the company publicly provide progress against these targets?	Yes	Yes	Yes	Yes			G1.1	
56	Does the company publicly disclose AGM minutes?	Yes	Yes	Yes	Yes				
57	Does the company's publicly disclosure of AGM minutes include the Q&A session?	Yes	Yes	Yes	Yes				
58	Does the company disclose its positions on key policy positions (e.g., wage gap disclosure, min wage, carbon tax)?	No	No	No	No				
59	Does the company have a Whistle-blower Programme in place? HOTLINE	Yes	Yes	-	-	2-26		G3.1c	
60	Does the company have a Whistle-blower Programme in place? POLICY	Yes	Yes	-	-	2-26		G3.1c	
61	Total amount of political contributions made to political parties	0	0	0	0	415-1		G3.2b	
62	Is there a breakdown of political contributions per political party provided?	n/a	n/a	n/a	n/a	415-1			
63	Rand value of losses resulting from legal proceedings (including fines) due to fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice or violations of other industry laws or regulations	0	0	0	0	2-27	FB-FR-270a.2 & FB-FR-310a.4	G4.2	
64	Total number and/or percentage of operations that have undergone a human rights assessment	0	0	0	0			S2.1a	
65	Does the company have formal stakeholder engagement policies in place, including mechanisms for stakeholders to raise issues?	Yes	Yes	Yes	Yes				

- Not reported in given financial year

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ESG/Sustainability Databook		FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS
Labour									
Pick n Pay company-owned and Boxer data consolidated from FY22									
66	Number of Employees – Permanent	59 540	56 719	-	-	2-7b		S1.5a	
67	Number of Employees – Fixed Term (>90 Days)	279	272	-	-	2-7b		S1.5a	
68	Number of Employees – Temporary (<90 Days)	0	0	-	-	2-7b		S1.5a	
69	Total Number of Employees	59 819	56 991	-	-				
70	Total Number of Contractor Employees	279	272	-	-	2-8a		S1.5b	
71	Total Number of Employees and Contractors	59 819	56 991	-	-	2-7a & 2-8a			
72	Total Number of Employees and Contractors Operating in South Africa	59 350	56 558	-	-	2-7a & 2-8a		S1.5a	
73	Percentage of Employees and Contractors Operating in South Africa	99.1%	99.2%	-	-	2-7a & 2-8a			
74	Percentage of Management (Top and Senior) deemed 'HDSA'	78.0%	77.0%	-	-	405-1			
75	Percentage of Management (Top and Senior) who are Women*	32.0%	31.0%	-	-	405-1			
76	Percentage of Employees who are deemed 'HDSA'	99.0%	99.0%	-	-	405-1		S1.5a	
77	Percentage of Employees who are Women	64.0%	64.0%	-	-	405-1		S1.5a	
78	Percentage of Employees who are 'Permanent'	99.53%	99.52%	-	-	2-7b		S1.5a	
79	Number of Employees who are deemed 'Disabled'	869	896	-	-	405-1			
80	Disabled Persons Rate	1.5%	1.6%	-	-				
81	Percentage of Employees who Belong to a Trade Union*	44%	70%	-	-	2-30	FB-FR-310a.2	S1.4b	FY22 reported only on employees belonging to bargaining unit (NMBU), FY23 reports on total company employees
82	Employee Turnover (i.e., number of persons who departed relative to the total number of employees at year end)	19%	16%	-	-	401-1		S2.3b	
83	Total Number of Person Hours Worked (PHW)*	108 049 863	103 951 584	-	-	403-9a			
84	Total Number of Employees Trained for Skills, including internal and external training interventions	23 088	23 534	-	-	404-1		S2.2	
85	Total Number of Employees with Disabilities Trained for Skills, including internal and external training interventions	402	-	-	-	404-1			Reported for the first time in FY23
86	Percentage of Employees Trained in South Africa*	99.5%	-	-	-	404-1			
87	Rand Million Value of Employee Training Spend	102.1	102.6	-	-	404-1		S2.2	
88	Percentage of Training Spend in South Africa	99.5%	-	-	-	404-1			Reported for the first time in FY23
89	Total number of Person Days Lost due to Absenteeism	357 385	321 371	-	-	403-9b			
90	Percentage of Total Person Days Lost due to Absenteeism	2.73%	2.54%	-	-				
91	Total number of Person Days Lost due to Industrial Action (i.e., strike action)	5	0	-	-		FB-FR-310a.3	S1.4c	
92	Percentage of Total Person Days Lost due to Industrial Action	0.04%	0.00%	-	-			S1.4c	
93	Percentage of Employees Under the Age of 30	33%	-	-	-	405-1		S1.1a	Reported for the first time in FY23
94	Percentage of Employees Aged between 30 and 50	59%	-	-	-	405-1			Reported for the first time in FY23
95	Percentage of Employees Over the Age of 50	8%	-	-	-	405-1			Reported for the first time in FY23
96	The Total Rand Million Annual Remuneration of the Highest Paid Employee	24 690.3	25 419.4	-	-	2-21		S1.2c	
Health and Safety									
97	Number of Fatalities (i.e., injuries on duty leading to death, excluding the deaths of workers not occurring 'at work')	0	0	0	-	403-9a		S3.1a	
98	Number of Medical Treatment Cases (MTCs, i.e. injuries on duty leading to medical treatment, but no lost days)	167	375	102	-	403-9a		S3.1b	
99	Number of Lost Time Injuries (LTIs, i.e. injuries on duty leading to at least one lost day)**	1 214	1 247	1 157	1 535	403-9a		S3.1b	See footnote **
100	Total Number of Recordable Injuries, including MTCs, LTIs and fatalities	1 490	1 622	1 259	1 535	403-9a			
101	Fatal Injury Frequency Rate (FIFR, i.e. number of Fatalities per 200 000 person hours worked)	0.00	0.00	0.00	0.00	403-9a			
102	Lost Time Injury Frequency Rate (LTIFR, i.e., Number of LTIs per 200 000 person hours worked)**	2.25	2.54	2.3	3.07	403-9a			See footnote **
103	Total Recordable Injury Frequency Rate (TRIFR)*	2.76	3.30	2.5	-	403-9a			
104	Does the company report a LTIFR and/or TRIFR target?	No	No	No	No	403-9a			
105	Does the company's safety data include contractor injuries?	No	No	No	No	403-9b			
106	Total Number of Employees & Contractors Tested for HIV/AIDS	1 111	-	-	-				Reported for the first time in FY23
107	Total Number of Employees & Contractors Receiving Voluntary Counselling and Testing (VCT) for HIV/AIDS (i.e., counselled)	1 111	-	-	-				Reported for the first time in FY23

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** The Group's injury data is skewed due to over reporting and classification issues. The Group is addressing its policies, procedures and controls to address inaccuracies of LTIs going forward.

ESG/Sustainability Databook		FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS
Food Safety									
Pick n Pay company-owned operations, not including Boxer									
108	Number of High-risk Food Safety Violations	0	-	-	-		FB-FR-250a.1		Reported for the first time in FY23
109	Number of Product Recalls	7	-	-	-		FB-FR-250a.2	S4.1b	Reported for the first time in FY23
110	Number of Supplier site visits by PnP Food Technologists	508	769	789	917				FY23 reduction due to focus on high-risk suppliers
111	Number of Food Safety Product Tests (Including routine microbiological tests, residues, shelf-life, nutritional information)	2 405	3 090	3 495	3 585				FY23 discontinuation of products due to CVP resulted in fewer Food Safety Product Tests
112	Number of Food Safety Store Audits	511	554	540	635				FY23 reduction due to focus on high-risk suppliers
113	Number of Store Operational Health and Safety Audits	4 556	5 057	4 594	4 830				FY23 reduction due to focus on high-risk suppliers
Value Chain									
114	Percentage of Pick n Pay Clothing Suppliers Registered on SEDEX	83%	90%	77%	65%				FY23 decrease due to increased new supplier onboarding and subsequent SEDEX registration
115	Percentage of Pick n Pay Clothing Sourced from the Southern African Development Community (SADC)	54%	46%	43%	-				
116	Percentage Pick n Pay Clothing Locally Sourced	44%	41%	39%	-				
117	Food Waste – Number of Suppliers participating in the 10x20x30 Initiative	19	20	20	20				One supplier has met 10x20x30 targets in FY23
118	Number of Entrepreneurs enrolled in Enterprise and Supplier Development Programme	198	187	112	86				
119	Number of Employees Providing Enterprise and Supplier Development Mentorship	164	150	122	43				
120	Palm Oil – Percentage Certified Sustainable Palm Oil in Pick n Pay Branded Products	100%	100%	30%	-				
121	Sustainable Seafood Percentage by Sales Value (excluding Boxer, South Africa only)	89%	91%	95%	-				FY23 decrease as a result of SA sardine stock depletion
122	Sustainable Seafood Percentage by Number of Species (excluding Boxer, South Africa only)	79%	-	-	-				Reported for the first time in FY23
123	Percentage Private Label Products Locally Sourced (excluding Boxer)	85%	95%	95%	-				FY23 decrease as a result of brand decoupling and range assortment split across three banners
124	Percentage Sustainably Sourced Cotton Clothing (BCI)*	22.0%	11.0%	6.5%	-				
125	Percentage Private Label Sow Crate Friendly Pork (excluding Boxer)	100%	100%	100%	100%				
126	Spend on B-BBEE Businesses in Rand billion	53.4	50.8	54.5	52.0				
127	Spend on Black-owned Businesses in Rand billion	6.3	8.3	7.7	8.4				FY23 decrease as a result of brand decoupling and range assortment split across three banners
128	Spend on Black Women-owned Businesses in Rand billion	4.8	6.1	5.2	4.8				FY23 decrease as a result of brand decoupling and range assortment split across three banners
129	Spend on Black-owned SMMEs in Rand billion	0.9	1.9	2.6	2.7				FY23 decrease as a result of brand decoupling and range assortment split across three banners
130	Spend on SMMEs in Rand billion	3.1	4.3	4.5	4.6				FY23 decrease as a result of brand decoupling and range assortment split across three banners
Property									
131	Total Number of Stores	2 204	2 081	1 991	1 925				
132	Number of Stores in South Africa	2 018	1 910	1 828	1 771				
133	Number of Company-owned Stores	1 385	1 244	1 172	1 092				
134	Number of Franchise stores	747	773	758	774				
135	Number of Associate-owned Stores	72	64	61	59				
136	Number of New Stores Opened	175	139	112	160				
137	Total Store Floorspace (m 2-million) – All	2.8	2.7	2.7	2.6				
138	Total Store Floorspace (m 2-million) – Company-owned Stores	2.1	2.0	1.9	1.8				
139	Total Store Floorspace (m 2-million) – Franchise Stores	0.7	0.7	0.8	0.8				

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ESG/Sustainability Databook		FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS	
Loyalty Programme & Customer satisfaction										
140	Number of Active Smart Shopper Loyalty Members (million)	11.0	9.5	8.5	-					
141	Percentage Growth in Smart Shopper Loyalty Members	16.0%	11.8%	-	-					
142	Percentage of Sales Transactions Through Smart Shopper Loyalty Cards	80%	80%	75%	65%					
143	Rand Billion Value of Loyalty Savings Provided	6.0	5.5	3.5	-					
Energy										
144	Total Direct Energy Consumption (Gigajoules, GJ) – All fuels	1 033 300	316 747	-	-	302-1			FY23 increase as a result of increase in onsite generator usage due to load-shedding FY23 increase as a result of increase in generator usage due to load-shedding	
145	Direct Energy Efficiency: Total Direct Energy Consumed per Person Hour Worked (kJ/PHW)	9 563	3 225	-	-					
146	Total Volume of Electricity Purchased (MWh) – excluding self-generated from solar, wind or other sources	758 907	791 886	773 025	853 185	302-1	FB-FR-130a.1			
147	Total Volume of Electricity Self-Generated (MWh) – i.e., from solar, wind or other sources	7 579	7 791	7 773	7 726	302-1				
148	Total Volume of Electricity Consumed (MWh) – Purchased + Self-Generated	767 486	799 677	780 798	860 911					
149	Percentage of Electricity Consumed that was Self-Generated	1.0%	1.0%	1.0%	0.9%					
150	Electricity Efficiency: Average Electricity Consumed per Person Hour Worked (kWh/PHW)	7.10	7.69	7.75	8.6					
151	Total Indirect Energy Consumption (i.e., Electricity) in Gigajoules	2 762 950.00	2 878 837.20	2 810 872.80	3 099 280.68					
152	Total Direct and Indirect (i.e., Electricity) Energy Consumption in Gigajoules	3 796 250	3 167 537	-	-					
153	Total Energy Efficiency: Total Direct Energy & Indirect Energy Consumed per Person Hour Worked (MJ/PHW)	35 130	32 248	-	-					
154	Does the company report a target for direct energy consumption, or reductions, and is it against a specific denominator (e.g. per PHW) ?	Yes	Yes	No	No					
155	Does the company report a target for indirect energy consumption (i.e., electricity), or reductions, and is it against a specific denominator (e.g. per PHW) ?	Yes	Yes	Partial	No					
156	Does the company report a target for TOTAL energy consumption, or reductions, and is it against a specific denominator (e.g. per PHW) ?	Yes	Yes	Partial	No	302-4				
Carbon Footprint										
157	Total Carbon Emissions (tonnes CO ₂ e) – Scope 1	381 435	183 614	123 421	124 858	305-1	FB-FR-110b.1	E1.1a		FY23 increase due to increased diesel consumption as a result of load-shedding FY23 reduction due to decreased grid consumption as a result of load-shedding FY23 reduction due to reduction in franchise store's Scope 2 emissions FY23 increase largely due to increased diesel consumption as a result of load-shedding
158	Carbon Emissions (tonnes CO ₂ e) – Scope 2	761 910	816 944	766 174	703 438	305-2		E1.1a		
159	Carbon Emissions (tonnes CO ₂ e) – Scope 3	452 280	475 222	482 615	507 967	305-3		E1.1a		
160	Total Carbon Emissions (tonnes CO ₂ e)	1 595 625	1 475 780	1 372 210	1 495 197					
161	Carbon Intensity: Average Volume of Carbon Emissions per Person Hour Worked (tonnes CO ₂ e/PHW)	14.8	15.0	13.6	13.3					
162	Carbon emissions target against a prior baseline?	Yes	Yes	-	-	305-5				
163	Baseline Year for Carbon Reduction Targets	2022	2013	-	-	305-5				
164	Target for Carbon Emissions, or reduction, against a specific denominator (per PHW)	Yes	Yes	-	-	305-5		E1.3		
165	Volume of Carbon Emissions Offset via the Purchase of Carbon Credits (tonnes)	0.0	-	-	-	305-5				
166	Volume of Carbon Emissions Offset via Company-owned Carbon Offset Projects (tonnes)	0.0	-	-	-	305-5				
167	Rand Value of Spend on Carbon Offset Projects	0.0	-	-	-					
168	GHG Emissions Intensity for Scope 1 Emissions expressed as Metric tonnes of CO ₂ e per unit of Million Rands	3.6	-	-	-	305-4		E1.1c		
169	GHG emissions Intensity for Scope 2 Emissions expressed as Metric tonnes of CO ₂ e per unit of Million Rands	7.1	-	-	-	305-4		E1.1c		
170	GHG Emissions Intensity for Scope 3 Emissions expressed as Metric tonnes of CO ₂ e per unit of Million Rands	4.2	-	-	-	305-4		E1.1c		
171	Does the company have a 'Just Transition' plan to meet decarbonisation targets?	No	-	-	-			E1.4a		
172	Does the 'Just Transition Plan' include stakeholder engagement for workers and communities?	n/a	-	-	-			E1.4a		
Water										
Pick n Pay company-owned operations, not including Boxer										
173	Total Volume of Water Consumed (Kilolitres, or Kl) – New Purchases and/or Abstractions (excluding recycled water used)	1 108 223	1 019 918	1 006 000	1 117 000	303-5a		E2.1a		
174	Water Efficiency: Average Volume of Water (Litres) Consumed per Person Hour Worked (l/PHW)	10.26	10.38	9.99	11.15					
175	Does the company have a water consumption target against a prior baseline?	Yes	Yes	-	-					
176	Baseline Year for Water Reduction Targets	2018	2018	-	-					
177	Does the company have a target for water consumption, or reduction, against a specific denominator (e.g. per PHW)?	Yes	Yes	Yes	No					

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ESG/Sustainability Databook		FY23	FY22	FY21	FY20	GRI STANDARDS	SASB STANDARDS	JSE	COMMENTS
Waste									
Pick n Pay company-owned operations, not including Boxer									
178	Total Volume of Non-Hazardous Waste Disposed (tonnes) – excluding Food Waste – to Landfill*	12 757.0	14 342.5	-	-	306-5		E4.1a	Consolidated waste service providers and increased data reliability in FY23
179	Total Volume of Non-Hazardous Waste sent for Recycling (tonnes)*	11 421.5	14 150.1	-	-	306-4		E4.1a	Consolidated waste service providers and increased data reliability in FY23
180	Total Volume of Non-Hazardous Waste Disposed (tonnes) – to Landfill and Recycled*	26 025.1	29 407.5	-	-			E4.1a	Consolidated waste service providers and increased data reliability in FY23
181	Percentage of Non-Hazardous Waste disposed of that is sent for recycling*	43.9%	48.1%	-	-				Consolidated waste service providers and increased data reliability in FY23
182	Total Volume of Hazardous Waste Disposed (tonnes) – to Registered Disposal Sites*	30.6	27.6	-	-	306-5		E4.1b	Consolidated waste service providers and increased data reliability in FY23
183	Volume of Waste sent for Recycling (tonnes) – Plastic*	1 360.7	1 662.8	-	-				Consolidated waste service providers and increased data reliability in FY23
184	Volume of Waste sent for Recycling (tonnes) – Food Waste Recovered	990.8	914.0	-	-				Consolidated waste service providers and increased data reliability in FY23
185	Volume of Waste sent for Recycling (tonnes) – Glass*	10.2	13.1	-	-				Consolidated waste service providers and increased data reliability in FY23
186	Volume of Waste sent for Recycling (tonnes) – Metal*	8.1	10.8	-	-				Consolidated waste service providers and increased data reliability in FY23
187	Volume of Waste sent for Recycling (tonnes) – Excess Food products donated*	882.0	847.9	-	-				Consolidated waste service providers and increased data reliability in FY23
188	Volume of Waste sent for Recycling (tonnes) – Cardboard and Paper	10 019.6	13 500.0	-	-				Consolidated waste service providers and increased data reliability in FY23
Biodiversity									
189	Does the company have a Biodiversity Action Plan in place to minimise impacts on biodiversity and ecosystems?	No	-	-	-	304-3		E3.1c	Working towards a Biodiversity Action Plan with WWF-SA for FY24
Environmental Management									
190	Total Number of Environmental Incidents (Level 1, 2 and/or 3)	0	0	0	0	2-27a		G4.1	
191	Total Number of Environmental Fines and/or Non-Compliances	0	0	0	0	2-27b		G4.2	
192	Total Number of Environmental Complaints	0	0	0	0	2-27		G4.1	
193	Rand Value of Carbon Tax Paid	143 909	82 293	69 505	-				FY23 increase due to an increase paraffin usage in Boxer bakeries and first year reporting coal emissions
194	Rand value of spend on Climate Change Mitigation	TBC							
195	CDP Climate	B	B	B	A-				
196	CDP Water	B	B	A-	B				
197	CDP Forest (Palm Oil/Soya/Beef/Timber)	D/C/C/C	C/D/C	C/D/C	-				
CSI/SED and Enterprise Development (ED) Expenditures									
198	Rand Million Value of Corporate Social Investment (CSI)/Socio-economic Development (SED) expenditures	39.1	37.9	41.3	34.0	203-1		S2.4a	
199	CSI/SED Spend as a Percentage of Total Revenue Generated	0.041%	0.039%	0.043%	0.037%				
200	CSI Spend as a Percentage of Net Profit after Tax (NPAT)	3.34%	3.12%	4.27%	2.85%				
201	Percentage of Total CSI/SED Spend in South Africa	100%	100%	100%	-	203-1			
202	Rand Million Value of CSI/SED Spend on Basic Needs & Social Development, including Nutrition and/or Feeding Programmes	11.1	11.4	14.3	-	203-1		S2.4a	
203	Rand Million Value of CSI/SED Spend on Education	9.6	11.4	11.2	-	203-1		S2.4a	
204	Rand Million Value of CSI/SED Spend in Environmental Management Projects	3.5	2.1	1.5	-	203-1		S2.4a	
205	Rand Million Value of CSI/SED Spend on Skills Development, including Adult Basic Education & Training (ABET)	3.3	3.3	3.3	-	203-1		S2.4a	
206	Rand Million Value of CSI/SED Spend on Small Business Development Projects	11.6	9.7	11.1	-	203-1		S2.4a	
207	Does the report include a comprehensive discussion of returns on CSI?	Yes	Yes	Partial	No	203-1			
208	Are CSI/SED projects clearly aligned to the company's Material Issues?	Yes	Yes	-	-				
209	Are CSI/SED projects clearly aligned to the company's Business Strategy?	Yes	Yes	Yes	Yes				
210	Are CSI/SED projects aligned to government's National Development Plan (NDP)?	Yes	Yes	No	-				
211	Rand Billion Value of Enterprise Development Spend (i.e., support for small business)	3.1	4.3	4.5	4.6				FY23 decrease as a result of brand decoupling and range assortment split across three banners
212	Volume of products donated to FoodForward SA (tonnes)	882	841	840	-				
213	Rand Million Value of distributions on behalf of Feed the Nation	17.8	30.6	135.0	-				FY23 and FY22 decrease due to reduction in distributions post-Covid-19 peak period
214	Number of Meals Distributed for Feed the Nation (million)	5.2	9.1	27.9	-				FY23 and FY22 decrease due to reduction in distributions post-Covid-19 peak period
215	Number of Schools in Pick n Pay and Boxer School Club	3 280	3 185	3 155	3 025				
216	Number of Pick n Pay Foundation Home Food Gardens	2 102	2 012	2 000	1 963				
217	Volume of educational content distributed through Pick n Pay and Boxer School Club (tonnes)	4.5	17	8.4	-				
218	Number of Ackerman Pick n Pay Foundation Community Food Gardens	6 646	6 642	6 607	-				

- Not reported in given financial year

* Prior years' data updated to reflect FY23 reporting methodology and/or due to more reliable data becoming available

CLIMATE-RELATED DISCLOSURES

We recognise the importance of providing stakeholders with clear and consistent information that enables them to evaluate our efforts in addressing climate-related risks and understand the increasing societal expectations for transparency surrounding climate change.

By embracing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we are reshaping our management and reporting approach to meet these demands. Through this alignment, we aim to provide stakeholders with reliable and comprehensive insights into our climate-related initiatives, ensuring accountability and promoting sustainable decision-making.

The TCFD is framed around four key areas: climate-change governance, risk, strategy and performance. This approach is informing other sustainability disclosure standards (for example, those of the global Value Reporting Foundation) and guidance (for example, that of the Johannesburg Stock Exchange).

Pick n Pay's response to the risks posed by climate change is covered primarily in our submissions to the CDP, which we regard as a leading measure of a business's carbon strategy, disclosure and performance. Pick n Pay performed well in the 2022 CDP, receiving an B rating for CDP Climate and Water and D/C/C/C for Forest.

The table below offers guidance on where to find information relating to each of the TCFD's recommendations.

Disclosure related to the recommendations of the TCFD

GOVERNANCE	
Disclose the organisation's governance around climate-related risks and opportunities.	
Recommended disclosures	References
Describe the Board's oversight of climate-related risks and opportunities.	CDP Climate Response 2022, section C1
Describe management's role in assessing and managing climate-related risks and opportunities.	CDP Climate Response 2022, 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
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	CDP Climate Response 2022 (Q. C2 Risks and opportunities)
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	CDP Climate Response 2022 (Q. C3.1)
RISK MANAGEMENT	
Disclose how the organisation identifies, assesses, and manages climate-related risks.	
Recommended disclosures	References
Describe the organisation's processes for identifying and assessing climate-related risks.	CDP Climate Response 2022 (Q. C2.2)
Describe the organisation's processes for managing climate-related risks.	CDP Climate Response 2022 (Q. C2.1, C2.2)
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	CDP Climate Response 2022 (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
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 2022 (Q. C2.2, 2.3a)
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG databook pages 40 - 42
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG Performance summary report page 12

CORPORATE INFORMATION

Pick n Pay Stores Limited

Registration number: 1968/008034/06

JSE and A2X share code: PIK

ISIN: ZAE000005443

Board of directors Executive

Pieter Boone (CEO)

Lerena Olivier (CFO)

Non-executive

Gareth Ackerman (Chair)

Suzanne Ackerman¹

Jonathan Ackerman²

David Robins

Independent non-executive

Haroon Borat

Mariam Cassim

James Formby³

David Friedland

Aboubakar Jakoet

Audrey Mothupi

Annamarie van der Merwe

Jeff van Rooyen

Registered office

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Tel +27 21 658 1000

Fax +27 (0)86 675 1475

Postal address

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Claremont

Cape Town 7735

Registrar

Computershare Investor Services Proprietary Limited

Rosebank Towers

15 Biermann Avenue

Rosebank 2196

Tel +27 11 370 5000

Postal address

Private Bag X9000

Saxonwold 2132

JSE Limited sponsor

Investec Bank Limited

100 Grayston Drive

Sandton 2196

Auditors

Ernst & Young Inc.

Principal transactional bankers

Absa Limited

First National Bank

Company Secretary

Penelope Gerber⁴

Email address: CompanySecretary@pnp.co.za

Promotion of Access to Information Act

informationofficer@pnp.co.za

Investor relations

Stephen Carrott

Email address: StephenCarrott@pnp.co.za

Website

Pick n Pay: www.pnp.co.za

Pick n Pay Clothing: www.picknpayclothing.co.za

Investor relations: www.picknpayinvestor.co.za

Customer careline

Pick n Pay

Tel: +27 860 30 30 30

Email address: customer@pnp.co.za

Boxer

Tel: +27 860 02 69 37

Email address: customer@boxer.co.za

Online shopping

Tel +27 860 30 30 30

www.pnp.co.za

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¹ Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

² Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director from that date.

³ James Formby was appointed as an independent non-executive director on 10 October 2022.

⁴ Penelope Gerber was appointed as Company Secretary on 31 July 2022.

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