

Partnering to transform the food system



As part of our commitment to alleviating food insecurity, promoting equitable access to nutritious food, and supporting a resilient local economy, we focus on promoting smart, sustainable and inclusive food, grocery and clothing supply chains.

Reducing food waste

Food waste is a critical issue due to its significant environmental, economic, and social impacts.

Pick n Pay aims to reduce food waste by 50% by 2030, aligned with the World Resource Institute's (WRI) 10x20x30 target¹. We are working with 17 of our biggest suppliers to help them measure and demonstrate their progress.

We quantify our food waste data in line with the WRI's Food Waste and Loss Protocol. As reported last year, we changed our reporting metric to refer to tonnes of food waste rather than the number of products. We believe this is a more transparent and accurate way to report food waste and aligns with the WRI's Food Waste and Loss Protocol and 10x20x30 target. We have also improved our internal reporting capabilities to better record and measure food waste, displaying weekly food waste figures across our stores.

We eliminate unsold food going to waste by optimising our forecasting, prioritising better buying and procuring, investing in shelf-life extension projects, and implementing "reduced to clear" processes to reduce food surplus. We continue to reinforce training at stores on cold storage protocols and minimising food waste.

A key focus area is identifying organic waste diversion alternatives, and we are exploring partnerships to enable us to repurpose organic waste and divert expired food to local farmers, composters or waste-to-energy facilities. These partnerships will enable us to close the loop on waste generation and consumption.

Pick n Pay has reduced food waste in its operations by 31% over the past five years.



When disposed of incorrectly, such as poured down drains or into water bodies, used cooking oil can cause pollution and harm ecosystems. Boxer has partnered with vendors to collect used cooking oil and process it into biodiesel, a clean-burning, renewable substitute for petroleum diesel.

In FY24, three vendors collected approximately 45 500 litres of used cooking oil, generating income of around R160 000.

This year, Boxer launched an initiative to reduce the impact of used cooking oil (a by-product from its delis and bakeries) on the environment while creating sustainable, income-generating opportunities for local entrepreneurs.

¹ 10x20x30 is a WRI initiative bringing together 10 of the world's biggest food retailers and providers to each engage with 20 of their priority suppliers to halve rates of food loss and waste by 2030.

As part of our commitment to optimise our ESD approach and improve how we engage with and support SMMEs, we appointed a dedicated Pick n Pay SMME Buyer from 1 April 2023. Our priority is to align the performance of our SMMEs with our business objectives, which we discussed during our inaugural 'Aligning our Business to Succeed' conference in July 2023. Topics included guidelines for developing new products, and the benefits of aligning their business objectives with broader societal goals, such as accessing funding. Other benefits of appointing a dedicated Pick n Pay SMME Buyer include improved communication and more frequent supplier engagement.

Engaging with our suppliers on our sustainability ambitions remains critical to achieving our targets. This is particularly relevant for understanding and reducing our scope 3 emissions. This year, a key focus area was finalising our supplier sustainability handbook, which guides our suppliers on how they can reduce their environmental impacts. Additionally, we are updating our SMME Toolkit to increase market access and assist in retail-ready support.

Another important initiative this year was our monthly SMME Connect sessions, which provide a virtual platform for our suppliers to engage with the Group, unpack common challenges, and promote awareness and engagement on key sustainability issues and opportunities.

Increasing our engagement with suppliers will remain a critical focus area in FY25.

Spotlight | Boxer's innovative small-scale farming initiative

Working alongside the Wholesale and Retail Sector Education and Training Authority (W&RSETA), Boxer has assisted 584 farmers living and working on rural farms as part of its small-scale farming initiative.

Launched in 2022, the initiative aims to upskill and train small-scale farmers in retail-ready farming methods and techniques, helping them increase their productivity and reduce their reliance on labour-intensive farming methods. This is critical to ensure that the farmers have the necessary knowledge and skills to improve and sustain their businesses while creating opportunities to gain market access.

In addition to training, farmers receive a smartphone, a Yoco payment device to facilitate cashless transactions, personal protective equipment, and a R2 000 voucher that they can use at any Boxer Build to purchase equipment and tools.

Once a farmer completes the programme, they may be onboarded as a Boxer supplier. As this initiative aims to contribute to broader economic participation and food security, farmers can also supply their products to other large and small-scale retailers.

584

Farmers have joined the programmes since launch

272

Farmers have completed the programme

60%

Of the participating farmers are women

90

Farmers supply Boxer stores with fresh produce

Looking ahead, Boxer plans to extend this initiative to Limpopo and KwaZulu-Natal by FY25. Boxer aims to further support the small scale farmers with the resources to understand the principles and the requirements of the Good Agricultural Practice (GAP). They will benefit from access to resources, training, technology and market opportunities essential to building resilient and inclusive food systems that benefit rural communities and foster environmental sustainability.



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 animal welfare, healthy oceans and fish stocks, sustainably manufactured clothing, and tracking ingredients with high environmental and social impacts.

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

90%
sustainably sourced palm oil in Pick n Pay branded products

79%
of all seafood sales meet our sustainable seafood commitment²

97%
of our direct Pick n Pay Clothing suppliers are registered on the Supplier Ethical Data Exchange (SEDEX)

This year, suppliers of sustainably sourced palm oil in Pick n Pay branded products decreased (achieving 90%, down from 100% in FY23). This decrease is largely driven by the complexity of the palm oil supply chain and the cost of certification schemes. Pick n Pay is committed to procuring sustainably sourced palm oil for Pick n Pay branded products, and we will continue to work with our suppliers to achieve 100%.

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 comply with our commitments. All seafood products are checked by the South African Sustainable Seafood Initiative (SASSI) to ensure these products are sustainably sourced and on SASSI's green list¹. Pick n Pay continues to work closely with SASSI to increase our procurement of green listed species.

Ensuring ethical supply chains

Pick n Pay's sourcing policies provide clear guidelines on the employment practices and social and environmental standards we expect suppliers to maintain when supplying products to our stores. We require all business partners to comply with our Code of Ethics and ensure that their subcontractors and secondary suppliers comply. 268 suppliers completed and responded to an environmental survey.

Pick n Pay is a member of SEDEX, a leading ethical trade membership organisation, and the Sustainability Initiative of South Africa (SIZA), a platform to ensure ethical and environmentally sustainable trade. In FY24, 97% of our tier 1 clothing suppliers were registered as members of SEDEX.

In FY24, Pick n Pay Clothing conducted an internal audit to ensure the legitimacy of local co-operatives within our downstream supply chain. The results indicated that all co-operatives involved in locally manufacturing clothing for Pick n Pay are successfully verified.

We control food traceability through food health and safety audits.

Expanding Pick n Pay Clothing's range of sustainable products

We have increased sustainability in our product lines, with 44.9% of our clothing products having one or more sustainability attributes. These attributes include waterwise (factory makes use of water treatment methods, recycled water, ozone washing and/or waterless dyeing methods), recycled fabric, sustainably sourced cotton, or viscose. We also sent out surveys to our second tier suppliers to shed more light on our value chain.

Through the Better Cotton Initiative (BCI), we are growing our clothing ranges that use sustainably sourced organic cotton. In FY24, we increased our percentage of sustainably sourced cotton to 28.3% of our total cotton consumption.

In our Pick n Pay Clothing stores, the paper and cardboard used for footwear hangers are certified by the Forest Stewardship Council (FSC). 97.7% of cardboard and paper used for our own brands and packaging is FSC-certified, and we are committed to reaching 100% by 2025. Plastic hangers are made from 100% recycled materials.

¹ SASSI's green list indicates sustainable seafood choices, from the healthiest and most well-managed fish populations.

² Pick n Pay company-owned stores – excluding franchise.

Building an inclusive supply chain

Increasing local products in our Pick n Pay Clothing stores

Pick n Pay Clothing continues to innovate to increase the number of local products in our stores. In FY24, 51% of clothing was sourced from the Southern African Development Community (SADC), including South Africa (44%), and we remain on track to increase the percentage of clothing sourced from the SADC to 60% within the next four years. We saw steady growth in our localisation drive:



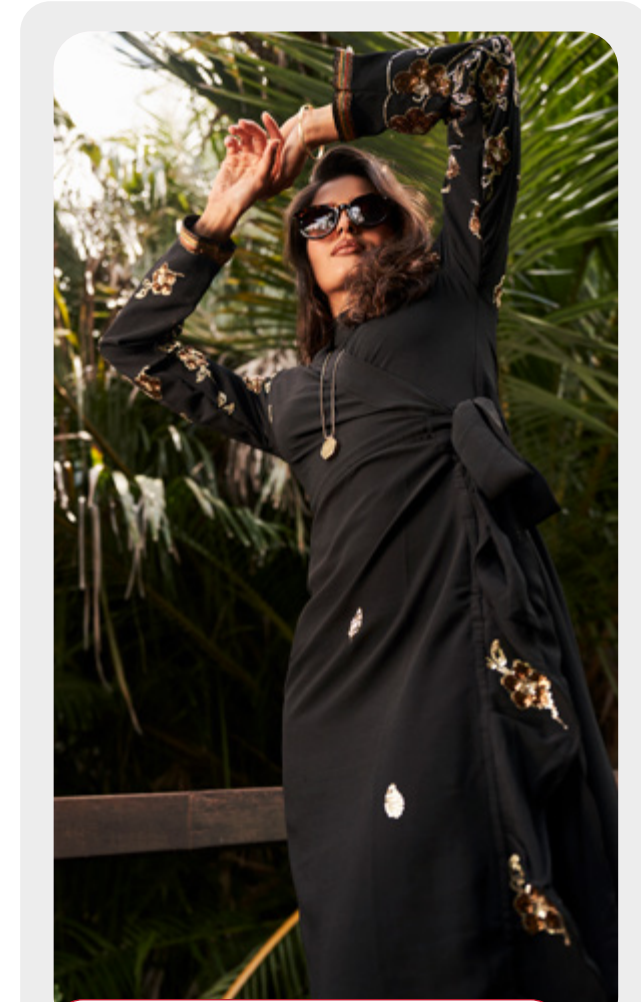
- We incorporated recycled fabrics into our local manufacturing processes, replacing a previously international sourcing practice
- We transitioned the import of 200 000 footwear units locally.
- We increased the local procurement of children's clothing from 58% in FY23 to 73% in FY24.
- We now procure approximately 90% of our ladies' Sleepwear locally.
- We increased local production of our Schoolwear clothing range by 50% year-on-year.
- We onboarded two new local denim suppliers and transitioned two offshore programmes to the SADC.
- We initiated a trial to localise one of our largest imports of socks.

We support the local clothing industry by collaborating with local designers and entrepreneurs to curate limited-edition collections of on-trend pieces at accessible prices. These collections are produced under our "Made in South Africa" range, which we launched five years ago. We continue to support the Clothing Intern Programme and hosted 10 interns in FY24. This programme provides opportunities for young designers to gain practical skills, equipping them to be commercially successful.

Supporting local innovation and entrepreneurship

Through our ESD initiatives, we equip, empower and scale local small, medium and micro-enterprises (SMMEs) to become sustainable suppliers – not only to Pick n Pay and Boxer but also to the wider 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. We support 460 SMMEs and produce 94% of Pick n Pay own brand food and groceries locally.



This year, we launched our first upcycled clothing range in collaboration with Sari for Change. Sari for Change is a local, black-women-owned supplier that transforms used saris into new garments. This initiative supports sustainable fashion while empowering underprivileged women with skills and opportunities to earn an income.

Promoting healthier food choices

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 vitamins and minerals. We have removed over 1 000 tonnes of salt and 2 500 tonnes of sugar and reduced sugar in many Pick n Pay 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 for children, focusing on minimising salt and sugar content and using only natural colourants.

We provide clear nutritional labelling on our own brand products to help customers make better choices for themselves and the planet. We distribute nutritional education posters and curriculum-aligned worksheets to 2 500 South African schools through Pick n Pay School Club. We share weekly health tips via Pick n Pay School Club's social media platforms.

We maintain stringent standards across our supply chain to ensure we provide customers with quality products that meet food safety requirements. We work with suppliers to ensure they meet regulatory requirements and help them improve the quality of their products and internal food safety processes.

Our in-house team of food technologists ensures our own brand products comply with local legislation and standards. All food suppliers are audited by a third party, and all stores undergo stringent food safety audits.

