



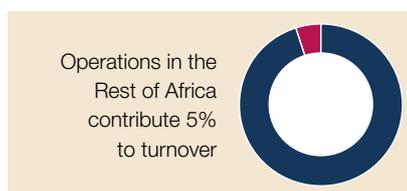
PICK N PAY IN CONTEXT

- 26 Our economic environment
- 29 Case study: Developing and retaining skills
- 30 Key consumer trends and our response
- 32 Material issues, risks and opportunities
- 38 Engaging with our stakeholders

OUR ECONOMIC ENVIRONMENT

The retail market in South Africa is diverse and is marked by wide disparities in income and geography. The Pick n Pay Group, with a celebrated history of more than 50 years in South Africa, benefits from broad-appeal across all socio-economic groups and strong brand loyalty in the grocery retail market.

CORE SOUTH AFRICAN OPERATIONS CONTRIBUTE 95% TO TURNOVER



SOUTH AFRICAN RETAIL ENVIRONMENT

Real GDP growth of 0.9% in 2017



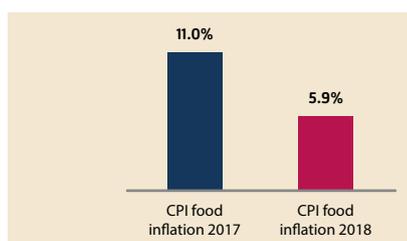
Unemployment of 27%



Lower level of inflation in 2018, with CPI food falling from 11.0% in 2017 to 5.9% in 2018



Retail sales growth of 4.8% year on year in the first quarter of 2018



A number of retailers operate across the formal and informal markets of South Africa. The food and grocery market in South Africa is complex and difficult to measure precisely. This partly reflects the fact that the market has a large and enduring informal sector. The total market has an estimated value of R870 billion, with approximately 60% of the market considered formal, and 40% informal. Five large retailers, including the Pick n Pay Group, account for approximately 55% of the formal market in South Africa. With turnover of R77.8 billion from its South African segment, Pick n Pay has a share of approximately 9% of the total market, and 15% of the formal market. The informal market is made up of a broad range of small, independent shops, community buying groups and other outlets.

The 2018 financial year was once again characterised by a tough economic climate and constrained consumer spending, with real gross domestic product (GDP) growth in South Africa of just 0.9% over the first three quarters of the year, together with elevated levels of unemployment and a growing budget deficit led to credit agencies Fitch and Moody's downgrading South Africa to sub-investment grade. Consumers continued to exercise prudence in this environment particularly around discretionary spend, becoming increasingly price conscious and value driven.

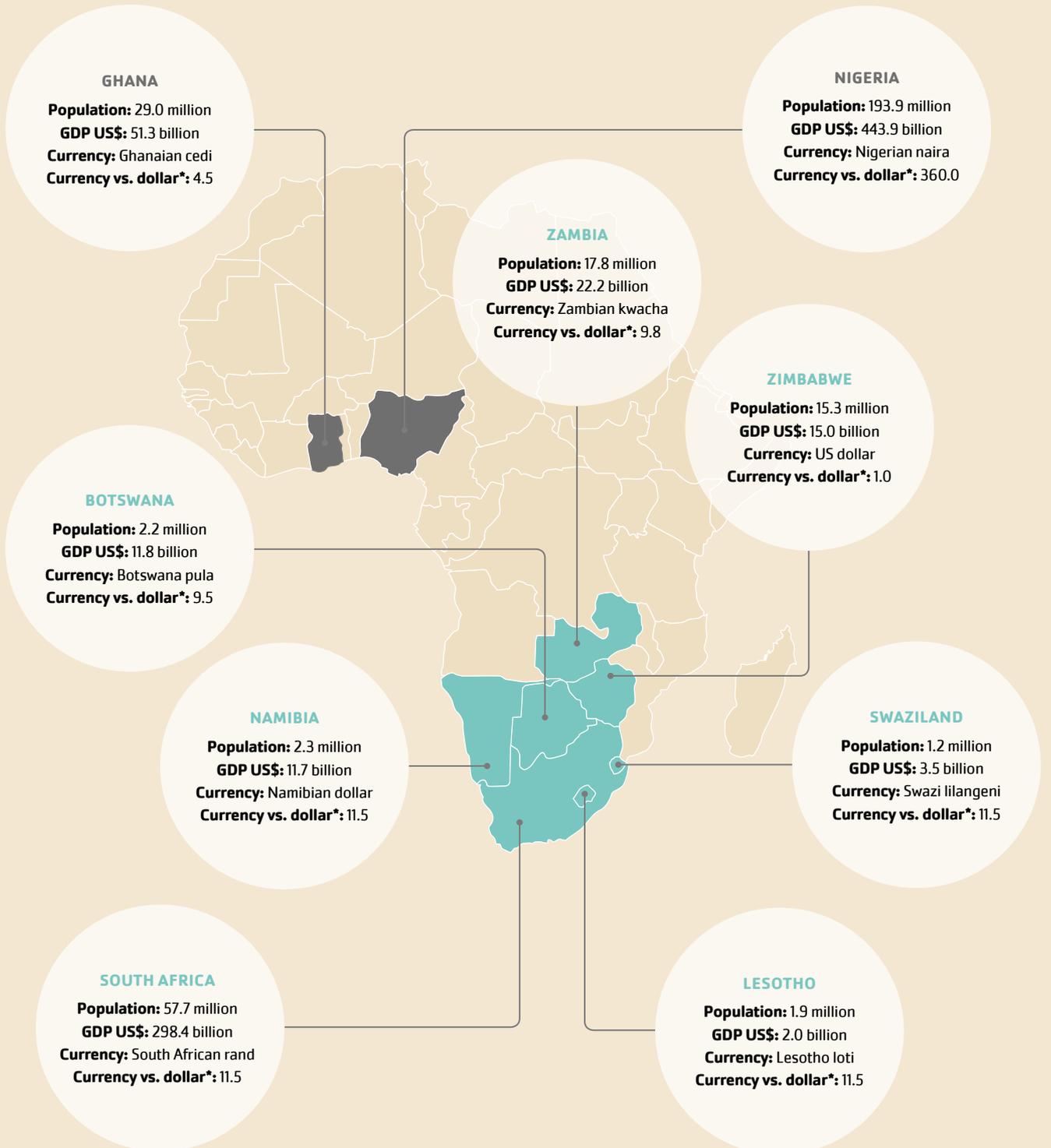
The Group responded to the tough consumer environment through decisive action on cost and efficiency in order to unlock savings that could be invested in delivering greater value to our customers. The Group delivered substantial investment in meaningful price cuts across 2 000 everyday grocery items, and restricted its internal selling price inflation to 2.2% for the year (2017: 6.1%), well below consumer price index (CPI) food inflation of 5.9% (2017: 11.0%).

Our work on pricing could not have come at a more significant time. It is estimated that 84% of South African households subsist on incomes of less than R20 000 (\$1 700) per month. Price is absolutely key for these families, with the vast majority of our customers looking to stretch their grocery budgets by looking for the best deals on staple commodity products and the lowest pricing on fresh produce and butchery items, including through combination deals. Many of our customers rely on public transport, and these associated costs can be prohibitive, with customers needing convenient and accessible shopping locations close to their homes, work or public transport hubs.

In recent years, comparably strong retail growth has been recorded in the lower to middle-income segments of the market, notwithstanding the challenges faced by communities which make up this part of the market. These communities are resilient, dynamic and aspirational, and there has been good growth in retail sales where economic circumstances improve, even marginally (for example, through the availability of social grants). Pick n Pay and Boxer serve customers across all communities and income groups and are well positioned to capture the growth that a fitter and stronger South Africa will deliver.

Traditionally our Pick n Pay brand has been positioned in the more urbanised areas of South Africa, with particularly strong advocacy from South Africa's middle to upper-income consumer. However, there are still many geographic communities across the country, across all demographics, where Pick n Pay is not yet well represented, and we look forward to bringing our offer to these communities, whether they are in urban, peri-urban or more rural areas. The Group will continue to follow a measured approach to space growth, focusing on space that we are confident will drive sustainable financial returns. Our leaner, stronger operating model has significantly improved our ability to deliver sustainable new space, including through smaller, neighbourhood stores, which reflect the growing customer demand for convenience.

Boxer focuses on middle and lower-income customers and has delivered strong sales growth through resolute focus on price and value, a compact range and a high-quality meat and fresh produce offer.



Source: International Monetary Fund, World Economic Outlook Database.

* Exchange rate as at 25 February 2018.

- Teal square: Our footprint
- Dark grey square: Expansion opportunity

SHORT-TERM CONSUMER OUTLOOK

Low consumer confidence and restrained spend 

High unemployment 

Consumers looking for more value 

Higher levels of inflation, with inflationary pressure from rising fuel costs, a weaker rand and the recent VAT hike 

Real GDP growth forecast for 2018: 1.5% 

LONG-TERM CONSUMER OUTLOOK MORE POSITIVE, SUPPORTED BY:

Greater South African political stability under President Ramaphosa 

Improved outlook for economic growth and transformation 

A young population 

A growing consumer base 

Good infrastructure 

Robust and enduring institutions, with strong corporate governance 

REST OF AFRICA

The Group has an established presence in Botswana, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe (49% investment in its associate, TM Supermarkets). The Group's foreign operations contributed R4.6 billion of segmental revenue this year, up 7.7% on last year, notwithstanding difficult trading conditions in some of the regions in which we trade. It was another difficult year, specifically for our Zambian operation, with the region still battling the economic impact of a prolonged drought and a depressed copper price. However, stronger operational efficiency and tight cost control helped to temper the impact of this tough trading environment on sales growth. Notwithstanding the challenges in Zambia, the Group remains confident about its long-term prospects and will continue to build scale in the region and drive growth through a competitive customer offer. The Group's franchise operations continued to perform well, particularly in Namibia and Swaziland, while the outstanding performer of the Rest of Africa segment was TM Supermarkets. TM Supermarkets has trading momentum, delivering strong double-digit growth in a tough environment in Zimbabwe, characterised by import restrictions, poor stock availability and political uncertainty. TM Supermarkets is benefiting from a positive contribution from its Pick n Pay branded stores and increasing customer demand for Pick n Pay own-brand products. The Group has plans to expand its operations into Nigeria over the next two years. The ongoing formalisation of food and grocery retail across Africa will provide the Group with a second engine of growth in coming years.

OUTLOOK

The Group remains confident of the opportunity that exists within the business for higher sales through an improved customer offer, alongside improved efficiency and profit growth, regardless of the challenges facing South Africa and beyond. However, there is a great deal more political and economic optimism in South Africa than there was just a year ago. The country has a new leader at the helm, and President Ramaphosa has committed to greater levels of economic transformation and growth, including through improved levels of Government service delivery and the elimination of corruption and mismanagement of public funds. President Ramaphosa has indicated that the South African Government will seek closer collaboration with local and foreign business in order to stimulate local and foreign direct investment and combat unemployment in the country. Real GDP is forecasted to improve to 1.5% in 2018, with the Government's long-term sustainable real GDP growth target at 3.5%.

Local investment and job creation remains a strategic priority for the Group. Over the past three years we have invested R5.3 billion in opening and refurbishing stores and in building our supply chain and, as a result, we have created 13 700 net new jobs. The Group plans to invest a further R1.7 billion in the coming year, and in doing so we will create more sustainable job opportunities. We have, and will play, an important part in alleviating the levels of high unemployment in South Africa and in ensuring that the marginalised in our societies benefit from greater inclusion in the economic prosperity to come.

Ours is a growing business and we are confident of the long-term opportunities in the markets in which we operate, and of the valuable role we will play in uplifting the communities we serve.



330
TRAINING
PROGRAMMES

Pick n Pay offers over 330 training programmes to employees, ranging from basic literacy and numeracy through to computer-based training and management and leadership programmes.

CASE STUDY: DEVELOPING AND RETAINING SKILLS

The sustainable success of any business depends on the quality of its people and processes.

A successful retail business is dependent on a skilled workforce. Good skills ensure effective and efficient management and delivery of our products and services, and better customer service. Staff who develop their skills are able to advance more quickly through the organisation and are more likely to stay with the Group. We offer over 330 training programmes to employees, ranging from basic literacy and numeracy through to computer-based training and management and leadership programmes. We operate a robust career development framework to help our employees to meet their career goals.

Our Chartered Accountant (SA) and graduate training programmes are aimed at attracting talented young people into the business and developing them to join our management team. Our corporate academy seeks to fast-track the development of a pool of managers for our stores. The training programmes provide exposure and experience in all areas of the business, including on-the-job training supported by formal training courses. Graduates are assessed throughout the programme for suitability and possible placement in various areas of the business.

To build our talent pipeline, we offer learnership programmes that focus on scarce skills, particularly in the bakery and butchery sectors. Up to 100 learners are taken on each year to complete first-level qualifications. We seek to attract young talent at local Technical Vocational Education and Training (TVET) colleges in order to build a pool of local, skilled workers that can be recruited into their local community stores. Our leadership development programmes, accredited by formal tertiary institutions in South Africa, have been very successful in providing the business with future leaders.



KEY CONSUMER TRENDS AND OUR RESPONSE

The Pick n Pay Group operates in a dynamic retail environment. By keeping our customers at the heart of our strategy, we are able to adapt quickly and respond to their changing needs.

PRICE AND VALUE

- Customers consistently demand lower prices and added value
- Customers are prepared to shop around for the lowest prices
- Customers expect to be rewarded for their loyalty, and seek personalised rewards

Our response: improved efficiency supporting price investment

- Increased operational efficiency is supporting meaningful and ongoing price investment
- Substantial price cuts across 2 000 everyday grocery items over the year
- Pick n Pay modernised Smart Shopper in March 2017, delivering a more cost-effective and relevant loyalty programme, offering greater personal discounts than ever before
- Boxer is securing value leadership in the lower-income communities of South Africa
- Providing greater access to affordable financial services, including money transfer and store accounts, at the lowest cost across the industry

Supported by strategic business acceleration pillars



CONVENIENCE

- Time-pressed customers are seeking out more convenience
- Customers are shopping closer to home, work and transport hubs in smaller convenience supermarkets
- Customers are shopping more regularly for smaller baskets, and are looking for smaller stores that they can move around in quickly
- Customers demand more added-value options, including pre-prepared convenience meals
- In order to save time, customers are seeking out value-added services at till

Our response: meeting the changing needs of our customers

- Our more efficient operating model has enabled the Group to successfully operate a smaller supermarket on a leaner cost base
- Our local and express formats are bringing Pick n Pay closer to customers
- The growth of our Boxer brand and our partnership with spaza shops in Gauteng, have brought a quality offering to some of the more informal communities of South Africa
- Pick n Pay is growing its own-brand offer, which includes a stronger ready-meal range for customers
- A compelling value-added services platform, with strong growth across all categories, including third-party bill payments and money transfers

Supported by strategic business acceleration pillars



ONLINE SHOPPING

- Customers are shopping via online retail platforms and mobile apps
- Customers are able to price check and shop promotions
- Online apps enable customers to maintain and update shopping lists
- Social media provides consumers with a powerful platform to review price, quality and range, and discuss changing trends and needs

Our response: investment in Pick n Pay online

- Ongoing investment in our online platform, with dedicated online warehouses in the Western Cape and Gauteng regions of South Africa, to improve our online offer for customers
- In-house management of the online delivery fleet to provide customers with reliable and on-time delivery service in one-hour time slots
- Extended delivery service hours in high-demand areas
- Launched new mobile-enabled Pick n Pay online website to provide customers with a quick and easy online shopping experience, with a 70% increase in customers accessing our online website from a mobile device

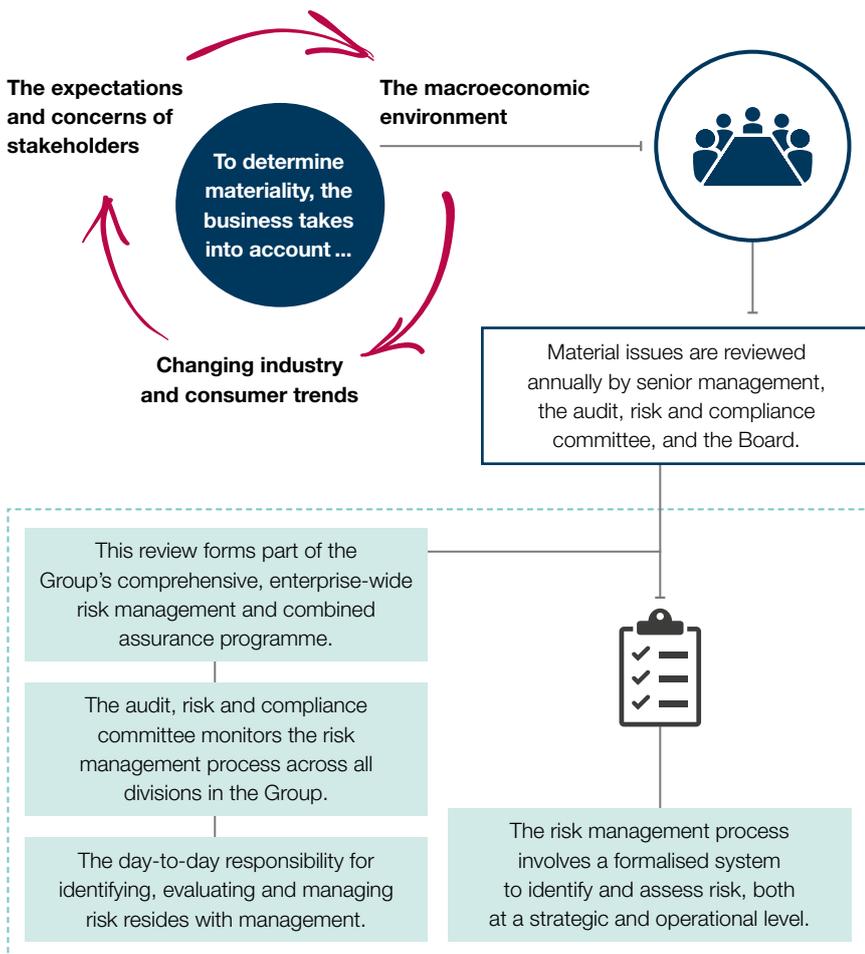
Supported by strategic business acceleration pillars





MATERIAL ISSUES, RISKS AND OPPORTUNITIES

OUR PROCESS FOR DETERMINING MATERIALITY, MATERIAL ISSUES, RISKS AND OPPORTUNITIES



OUR MATERIAL ISSUES

The Group agreed that all material matters identified in 2017 remained relevant for the 2018 financial year. The opportunities identified per material matter demonstrate how the risks are being mitigated, and where possible, are viewed as growth opportunities for the Group through its strategic long-term plan.

In the 2018 financial period, the following matters were considered to be material for the Group:

- Consumer environment
- Competitive environment
- Effectiveness of procurement and distribution channel
- Food and other health and safety standards
- Effective execution of strategy and long-term sustainable value creation
- Effectiveness of our information systems and technology
- Building and retaining a talented and diverse retail team
- Volatility of the Group's Rest of Africa division

These material matters are discussed in more detail on the following pages of this report.



For more information on the capitals, key stakeholders and business acceleration pillars impacted or informed by our material issues, risks and opportunities, please refer to page 5 of this report.

CONSUMER ENVIRONMENT

The South African economic environment has been challenging over recent years, with consumers grappling with debt, escalating household costs and higher levels of unemployment. Consumer confidence remains low, even with the renewed hope of positive economic transformation under President Ramaphosa, and customers continue to spend prudently.

Material risks

- Worsening macro and socio-economic conditions that could further constrain consumer spending
- Persistent drivers of inflation, for example growing transport and utility costs, that could put pressure on sales volumes
- Negative customer perception around price and value

Opportunities and risk management

- Pick n Pay is the most inclusive retailer in South Africa, well positioned to meet the changing needs of all consumers
- Greater operational efficiency is driving meaningful price investment
- Our scale, history and strong supplier relationships enable effective price negotiation on behalf of customers – with further added value from Pick n Pay’s buy better programme in 2018
- Smart Shopper is providing more personalised value than ever before
- Our growing own-brand offer is providing more trusted value
- 95% of our offer is local – reducing the impact of a weaker rand on the value chain
- Boxer is providing the most competitive prices on staple commodities to customers who need it the most

Capitals



Stakeholders



Strategic pillars



COMPETITIVE ENVIRONMENT

The South African retail space is strongly contested, with both established and emerging retailers across the formal and informal market.

Material risks

- The impact of a strategic competitive move against a major product category or store format
- Increased price competitiveness and promotional intensity resulting in uncompetitive pricing
- Missing out on the best locations for new stores
- Opening or refurbishing stores that do not deliver sustainable returns
- Not attracting or retaining the best franchisees

Opportunities and risk management

- Brand loyalty – Pick n Pay is one of the most loved and admired brands in South Africa, giving the Group a unique competitive advantage
- Smart Shopper is South Africa’s favourite loyalty programme, with over seven million active customers
- Flexible formats and an increasingly lean operating model allow us to respond quickly to changing consumer needs, including through smaller, convenience formats
- Boxer is demonstrating strong growth and increasing customer advocacy in the lower-income and more rural areas of South Africa
- Strong opening and refurbishment programme – focused on investment that will generate sustainable return
- Open and constructive engagement with all developers and landlords
- The most successful and mutually beneficial franchise model in the retail industry – with regular and open engagement with all our franchisees to ensure value creation for all

Capitals



Stakeholders



Strategic pillars



EFFECTIVENESS OF PROCUREMENT AND DISTRIBUTION CHANNEL

The Group is increasingly reliant on the effectiveness of its own supply chain channel, with 68% of Pick n Pay's inventory distributed through its centralised distribution centres.

Material risks

- Inefficient stock holdings
- Poor on-shelf availability
- Poor quality or shortened shelf life of fresh produce
- Increased waste
- Increased cost of distribution
- The catastrophic loss of a major distribution centre

Opportunities and risk management

- The Group has built a robust distribution network, which is distributing every product, every day to stores on a short-order lead time
- Improved efficiencies from:
 - a single warehouse management system across all distribution centres
 - an enterprise-wide automatic forecast and replenishment system
 - an online, real-time supplier portal
- A dedicated team of procurement and distribution experts
- Strong relationships with suppliers, logistics providers, and warehouse managers
- Business continuity and disaster recovery plans in place

Capitals 

Stakeholders 

Strategic pillars 

FOOD AND OTHER HEALTH AND SAFETY STANDARDS

Food safety has always been recognised as one of our material risks, and we are committed to providing our customers with safe, high-quality food and a safe and secure shopping experience. This risk became a stark reality in March 2018 with an outbreak of a deadly strain of listeriosis traced to a large food producer in South Africa. The Group reacted quickly and decisively, swiftly removing all potentially affected products from its shelves for destruction in accordance with the Group's formal product recall and disaster management protocol. We also openly engaged with customers and encouraged them to return any products that they were concerned about for a full refund.

Material risks

- We inadvertently stock or prepare unsafe food or other grocery products that cause harm to customers
- Our suppliers or franchisees do not adhere to our overall minimum health and safety standards
- Safety standards are not followed in store putting our customers or staff at risk of injury or ill health

Opportunities and risk management

- All suppliers are contractually bound to be compliant with all legislated health and safety requirements, including certain additional minimum standards set out by the Group where relevant
- All suppliers are subject to regular audits of their food safety standards by independent third-party auditors
- Non-compliance with food safety standards results in termination of supply agreements until compliance is restored
- All stores undergo stringent food safety audits on a regular basis
- Formal product recall standards in place
- Formal health and safety regulations in place throughout our stores and support offices, with strong awareness and compliance
- Franchise agreements regulate minimum in-store safety requirements

Capitals 

Stakeholders 

Strategic pillars 

EFFECTIVE EXECUTION OF OUR STRATEGY AND LONG-TERM SUSTAINABLE VALUE CREATION

The Group implemented its strategic long-term recovery plan in 2014, to return the business to long-term value creation, with a stronger and sustainable profit margin.

Material risks

- Poor or non-execution of strategy by the leadership team that negatively impacts sales growth, operating margins or long-term sustainable value creation.

Opportunities and risk management

- The strategy has been in place for over four years, has been clearly communicated and is well understood
- The strategic business acceleration pillars place executive focus on the Group's material growth opportunities, while considering material risks to its value creation
- Dedicated teams are accountable for delivering the key elements of each strategic pillar and are measured against key performance indicators linked to each pillar. Read more in our remuneration report on page 80.

Capitals



Stakeholders



Strategic pillars



EFFECTIVENESS OF OUR INFORMATION SYSTEMS AND TECHNOLOGY

The Group is reliant on enterprise-wide information technology that supports and facilitates critical functions across its operations, including point-of-sale transactions, product forecast and replenishment, labour scheduling, Smart Shopper, Brand Match, Pick n Pay Online and real-time financial reporting.

Material risks

- Any system disruption which could impact our ability to serve our customers and run our business efficiently and effectively
- The ability of IT systems to support growth and innovation
- Cyberattacks and the impact on the security of confidential information of the Group and our customers
- The accuracy and timeliness of information for decision-making purpose

Opportunities and risk management

- The Group has a specialist team that is dedicated to building, maintaining and protecting its IT infrastructure, which follows best practice in development, maintenance, cybersecurity and recovery
- Ongoing innovation has:
 - driven growth of value-added services at point of sale
 - facilitated Brand Match price checks
 - created an engaged and personalised Smart Shopper loyalty programme
 - facilitated the Group's online offering
- The team is focused on customer-centric, forward-thinking mobile technology to drive convenience and customer service

Capitals



Stakeholders



Strategic pillars



BUILDING AND RETAINING A TALENTED AND DIVERSE RETAIL TEAM

One of the key drivers behind the Group’s long-term strategic turnaround plan is the ambition, commitment and performance of its team. The success of the Group is also predicated on the growth of South Africa and its ability to provide job creation for all. The Group is determined that its team will reflect the diverse communities that we serve, and we will provide good career opportunities in retail.

Material risks

- Inability to attract or retain talent that can deliver on the Group’s strategy and ensure relevant succession
- Lack of skills development and training
- Lack of diversity or opportunity for all
- Increasing cost of labour without a commensurate increase in return
- Labour strikes/stoppages that affect the operation of our business

Opportunities and risk management

- Remuneration policy provides strong commitment to diversity, career advancement, training and incentivisation
- Business-wide performance management system to drive a high-performance culture and to recognise and reward performance
- Remuneration benchmarked across the industry
- Open and constructive relationships with labour unions and formal processes to proactively manage critical issues

Capitals



Stakeholders



Strategic pillars



VOLATILITY OF THE GROUP’S REST OF AFRICA DIVISION

The Group is building its operations outside South Africa and sees this diversification as a second engine of growth. It operates in six countries outside South Africa, has plans to open in Nigeria over the next two years and will continue to explore other opportunities across the continent.

Material risks

- The Group faces different political, economic, social, regulatory and other operational risks in each country in which it operates, which can lead to increased volatility in the result of the Rest of Africa division
- A lack of understanding of local markets can negatively impact on the sustainable returns from these countries

Opportunities and risk management

- Growth outside South Africa is managed in a planned and deliberate manner – without placing the core South African business at any undue risk
- The ownership or investment model is tailored to best suit the operating environment and, wherever possible, includes collaboration with experienced, local partners who share our values and our commitment to strong corporate governance
- We look for growing markets that provide opportunity for real scale in a business environment that is well regulated, without too much complexity, and that is welcoming to foreign investment
- We have a dedicated “Rest of Africa” team

Capitals



Stakeholders



Strategic pillars





Pick n Pay was proud to be recognised by The Institute for Risk Management South Africa (IRMSA) for its outstanding contribution to risk management.

Our group risk and assurance services team – which reports directly to the audit, risk and compliance committee – scooped the award in the wholesale and retail category for its role in developing, implementing and driving an integrated combined assurance programme across the Group. The programme has improved the visibility, transparency and reporting of all material risks, developed appropriate action plans for effective risk mitigation and risk monitoring, and improved operational efficiency through the management of interdependencies and the realignment of resources.

ENGAGING WITH OUR STAKEHOLDERS

The Group's ability to create long-term sustainable value depends on open and constructive engagement with all our stakeholders.

Stakeholders are those parties that can affect, or be affected by, our activities, objectives and policies. The Group identifies its key stakeholders through ongoing engagement with individuals, groups and organisations.

The following infographic outlines our key stakeholder groups, why we engage and the value we derive through proactive, open and constructive engagement with them.

In the rest of this section, we detail our engagement with key stakeholders, focusing on those groups that have either a significant interest in the operations of the Group or have significant influence over the way we do business and create value.

CUSTOMERS

We are accountable to those we serve. Our customers are at the heart of our strategy, and we engage in order to adequately respond to their changing needs, to strengthen our offer and to drive our sales



COMMUNITY

The success of the Group depends on the well-being and prosperity of the communities we serve. We engage to identify social and economic needs and to provide meaningful support and opportunity for sustainable economic growth, for the benefit of all



EMPLOYEES

We are committed to building a winning team. We engage with our staff to communicate strategy and responsibilities, identify needs, recognise and reward good performance and hold each team member accountable for their contribution to the success of the Group



SUPPLIERS

We are supported by a broad network of suppliers and service providers. We engage to source high-quality products at the best price, and to ensure food safety, sustainable and ethical business practices, innovation and consistent on-shelf availability



FRANCHISEES

Our 660 franchise stores are an integral part of the Group, and the success of the franchise model depends on the success of our franchise partners. We engage with our franchisees to find mutually beneficial and sustainable business practices and growth opportunities, to build our scale and extend our reach



SHAREHOLDERS

We engage with the investment community in order to provide a comprehensive, consistent and well understood investment case for the Group, so that shareholders are able to make informed investment decisions, and our share can trade at a fair value



→ ENGAGEMENT ENABLES US TO

- Identify and act on the issues that affect our stakeholders and our business
- Improve our understanding of stakeholders' expectations, aspirations and interests
- Strengthen the transparency and accountability through which we have established valued relationships
- Take into consideration the concerns and interests of stakeholders when determining our material issues and strategic response

Read more about our material issues from pages 32 to 36.



CUSTOMERS

What our customers tell us is most important to them:

- Low prices, good value
- Convenience
- Product quality and food safety
- Good, consistent availability
- Great service
- Rewards for loyalty
- Community involvement

How we engage:

- Daily engagements in our store
- Dedicated customer director
- Customer care line
- One-on-one meetings
- Regular customer surveys, forums and panel discussions
- Social media platforms

How our strategy responds to customers' needs:

- Great prices and promotions
- Leading product range, including more own-brand products
- Convenient store locations
- Next Generation in-store experience
- South Africa's favourite loyalty programme
- More value-added services, including competitive financial services offer

Supported by strategic business acceleration pillars:



Refer to the "Better for customers" business acceleration pillar on page 45.



COMMUNITY

What our communities tell us is most important to them:

- Job creation
- Economic development and opportunity
- Access to safe food, at low prices
- Poverty relief and community outreach programmes
- Environmental consciousness

How we engage:

- Forums such as township cooperatives, university partnerships and the Pick n Pay School Club
- Individual stores' varied social responsibility programmes
- Small business development initiatives
- Collaboration with the Ackerman Pick n Pay Enterprise Development Fund, including income generation, community enterprise development and food security initiatives

How our strategy responds to our communities' needs:

- Doing good in our communities underpins all our strategic pillars
- Environmental and social responsibility
- Develop and source from diverse and ethical suppliers
- Job creation through long-term sustainable growth
- Promote healthy and sustainable living

Supported by strategic business acceleration pillars:



Refer to the strategic focus section on pages 45 to 50.



EMPLOYEES

What our employees tell us is most important to them:

- Competitive remuneration and benefits
- Training and career development
- Fair and reasonable working hours, with certainty of hours and shifts
- Sustainable business performance
- Wellness programmes
- Work-life balance
- Working for a responsible and ethical corporate citizen

How we engage:

- Regular management updates
- Employee surveys
- Monthly internal publications
- In-house television, radio communications and employee conferences
- Skills development and training
- Ongoing engagement with labour unions

How our strategy responds to employee needs:

- One of our strategic pillars is focused on building South Africa's most talented retail business
- Our remuneration policy drives fair and competitive remuneration and the recognition and development of talent
- We provide numerous training and development programmes to upskill our staff
- We are building a lean and effective organisational structure for the benefit of all
- We advance employee opportunity and diversity

Supported by strategic business acceleration pillars:



Refer to the "Winning team" business acceleration pillar on page 48.



SUPPLIERS

What our suppliers tell us is most important to them:

- Fair pricing and transparent negotiation
- Effective and efficient administration
- Sustainable business partnerships
- Research and development support, transparent contracts and agreements, infrastructure and logistics support
- Opportunities for cost reduction
- Transformation and enterprise development
- Resource efficiency (energy, water, waste, logistics)

How we engage:

- Fact-based negotiation as part of our buy better programme
- Regular meetings in line with merchandise cycle timelines
- Dedicated supplier portal
- Regular food safety audits at production facilities
- Ongoing store visits with suppliers
- Joint business planning sessions
- Supplier conferences
- Dedicated enterprise development programme

How our strategy responds to supplier needs:

- Building fair, efficient and mutually beneficial business relationships
- Developing a cost-effective and efficient supply chain
- Product innovation to meet evolving customer needs
- Continual development of small businesses and diverse and ethical suppliers
- Implementation of Pick n Pay Fast Pay – key banking partners provide competitive funding to participating suppliers for the early settlement of invoices
- Contribute to job creation

Supported by strategic business acceleration pillars:



Refer to the "Every product, every day" business acceleration pillar on page 48.



FRANCHISEES

What our franchisees tell us is most important to them:

- The opportunity to build a profitable and sustainable business
- Security and sustainability of supply
- Timely delivery of products, competitive pricing, product innovation, marketing support, quality of products and food safety
- Opportunities for cost reduction
- Resource efficiency (energy, water, waste, logistics)
- Transformation and enterprise development

How we engage:

- Store visits by franchise management team and service area consultants
- Regular meetings with regional operational teams and national franchise representatives
- CSI programmes in the communities in which our franchisees operate
- Franchise conferences

How our strategy responds to franchisees' needs:

- Offer the most successful, mutually beneficial franchise model in the retail industry
- Operate as a sustainable franchisor of choice

Supported by strategic business acceleration pillars:



Refer to the "Flexible and winning estate" business acceleration pillar on page 46.



SHAREHOLDERS

What our shareholders tell us is most important to them:

- Improved and sustainable return on investment
- Understanding our business model, strategic direction and profit drivers
- Access to timely, accurate and relevant information
- Sufficient free float of shares for trade
- Good corporate governance
- A socially responsible and ethical corporate citizen

How we engage:

- At least four formal engagements a year: two financial results presentations, one AGM and an investor day/strategic update
- Regular engagement with investors, analysts and fund managers
- Direct engagement on proposed resolutions prior to annual and general meetings
- Dedicated investor relations team and investor website at www.picknpayinvestor.co.za

How our strategy responds to shareholders' needs:

- Generate consistent profits in a sustainable manner
- Operate according to the highest corporate governance principles
- Follow innovative business practices at acceptable levels of risk
- Capital efficiency
- Provide attractive returns on investment

Supported by strategic business acceleration pillars:



Refer to the "Efficient and effective operations" business acceleration pillar on page 47.