

# Social, Ethics and Transformation Committee report



**Suzanne Ackerman**  
*Chair: Social, Ethics and Transformation Committee*

**It is my pleasure to present this report and to confirm that the committee has executed its mandate for FY24.**

In recent years, there have been fundamental shifts in business and society. Global issues such as climate change and biodiversity loss, geopolitical and social tensions, inequality, and rapid technological and scientific advancements have placed increasing pressure on businesses to recognise that their success is interconnected with the well-being of society and the environment.

Amid heightened global economic, environmental and social challenges, such as climate change and social instability, 'business as usual' is no longer good enough. Businesses need to act now to solve complex problems while looking at longer-term solutions for sustainable and inclusive growth. Doing Good is Good Business is part of our integrated reporting approach, which aims to tell a meaningful story about how we define, create, and maintain value for stakeholders.

Beyond the challenges we are facing within our own business, South Africans are struggling with extreme poverty, food insecurity, and high levels of unemployment. Our focus now is getting Pick n Pay firmly back on the right trajectory and ensuring that our growth drivers of Boxer, Clothing and Online continue to flourish. A large part of this focus is ensuring that our actions provide substance to our values. This is why we are focused on winning back the trust and confidence of our customers, engaging our suppliers, and prioritising our people.

**Our mandate includes oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. At its core, our work is about relationships and touches on every aspect of the business.**



### Mandate of the Social, Ethics and Transformation Committee

Our statutory duty in terms of the Companies Act is to assist the Board with oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

We do this in terms of a formal charter, which is reviewed and approved annually by the Board. The scope of our oversight extends to include the Group's subsidiaries.

### The role and responsibility of the committee

The committee assists the Board in fostering an ethical organisational culture. It oversees the Group's conduct, ensuring business practices align with responsible corporate citizenship. The Committee monitors organisational ethics, sustainable development and stakeholder relationships. It also approves the stakeholder engagement strategy and helps the Board approve, implement, and monitor policies that reinforce the Group's commitment to ethical and responsible operations.

## Members and attendance at meetings

The committee met three times in FY24 to review performance in the areas pertinent to its mandate. Delivering on this mandate requires cross-functional insights which is achieved through engagement with members of the other Board committees. Quarterly Board meetings also facilitate oversight.

The committee members for FY24 comprised of four non-executive directors. The Company Secretary, executives responsible for strategy and human resources, senior managers and technical experts assist the committee. All levels and areas of expertise across the Group are present at committee meetings. Advisors attend meetings by invitation, depending on the agenda items.

Members	Attendance	Committee members from May 2024
Suzanne Ackerman (Chair)	3/3	Suzanne Ackerman (Chair)
Jonathan Ackerman	3/3	Jonathan Ackerman
David Robins	2/3	Haroon Borhat
Annamarie van der Merwe	3/3	Annamarie van der Merwe

Noting David Robins' intention to retire from the Board at the 2024 AGM and to strengthen the independence of this committee, Haroon Borhat has been appointed to succeed him. I extend my sincere thanks to David for his valuable contributions and tireless efforts in upholding the Group's ethics and values during his tenure on the SETC. Haroon, a Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town, brings a keen understanding of the economic circumstances faced by our staff, customers, and other key stakeholders. We look forward to the insights and expertise Haroon will bring to our committee.

## Strategic sustainability framework

We focused on executing our Pick n Pay strategy and will focus on implementing Pick n Pay's revised sustainable impact framework, which we unpack in more detail on overleaf.

This framework aims to help us drive value creation through customer-facing sustainability initiatives which create shared value for our business, customers, communities and the environment. We have a strong operational leadership team to help us set the business on a path of long-term sustainability, supported by phenomenal people and support teams across our business and supply chains.

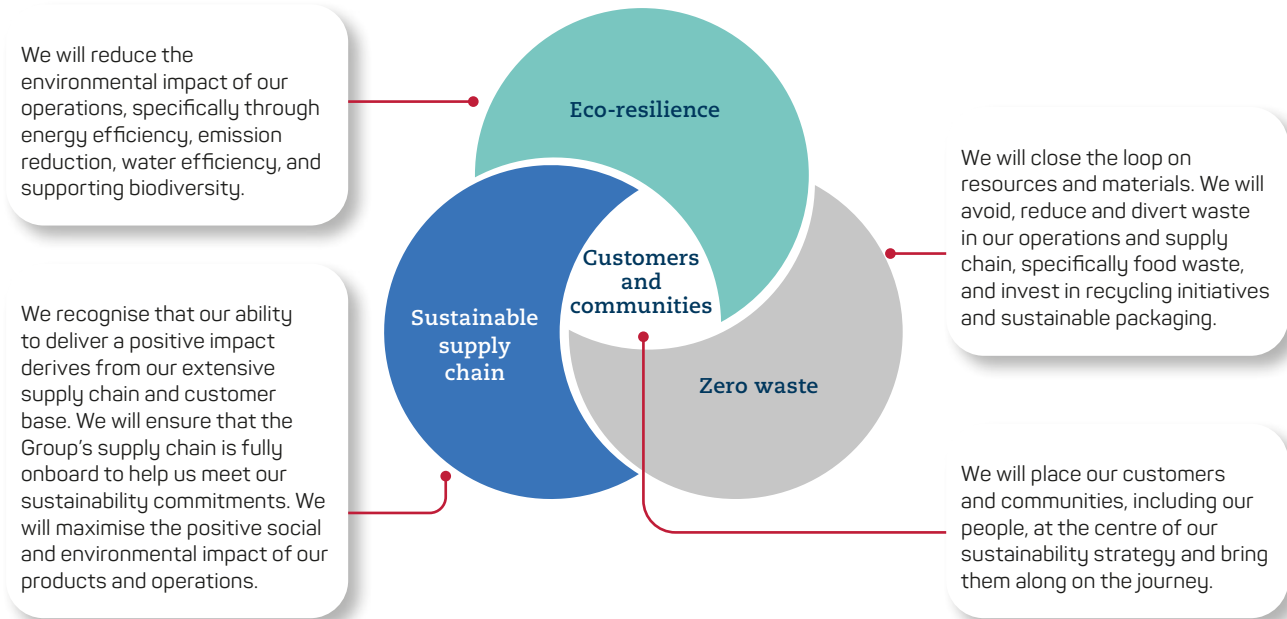
As part of our commitment to alleviating food insecurity, promoting equitable access to nutritious food, and supporting a resilient local economy, we focus on promoting smart, sustainable and inclusive food, grocery and clothing supply chains, which include:

- Partnering to transform the food system
- Reducing environmental impact
- Supporting communities
- Investing in our people

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## Sustainability impact framework



Underpinning this strategic framework is our Code of Ethics and all related ethics policies. The management team has done a great deal of work to review and update all employee and governance-related policies. Together with our values, this governance framework sets out the behaviours we expect of our Board members and all employees. It also lays the groundwork for pre-emptive warning in instances of non-compliance.

## Partnering to transform the food system

As part of our commitment to food security and local economic resilience, we focus on creating sustainable and inclusive supply chains. Our "Pick Local" brand supports small South African producers and suppliers committed to job creation and BBBEE compliance, ensuring local production and packaging.

In FY24, we sourced 51% of clothing from the Southern African Development Community (SADC), including South Africa, with plans to increase this to 60% within four years. We made significant strides in localising our supply chain, incorporating recycled fabrics, increasing local procurement of various clothing items, and supporting local designers through our "Made in South Africa" range.

Our Enterprise and Supplier Development (ESD) initiatives aim to equip and empower small, medium, and micro-enterprises (SMMEs) to become sustainable suppliers. We provide mentorship, business development support, and early payment access through our Pick n Pay Fast Pay programme. We also enhanced our engagement with suppliers through the appointment of a dedicated SMME Buyer and monthly SMME Connect sessions. These efforts help align supplier performance with our business objectives and sustainability targets, particularly in reducing scope 3 emissions and optimising our ESD approach.

Boxer's small-scale farming initiative, launched in 2022, aims to upskill and train over 300 farmers in retail-ready farming methods, providing them with essential resources and market access. This initiative supports broader economic participation and food security. We are committed to responsible sourcing of our own brand products, promoting animal welfare, sustainable seafood, and palm oil sourcing.

We continue to expand our range of sustainable and healthier products through our Pick n Pay Live Well and Live Green brands, which include 258 environmentally conscious, vegan, and cruelty-free products. Our efforts to promote healthier food choices include reformulating products to reduce sugar, salt, and fat content and providing clear nutritional labelling.

**In FY24, 79% of our seafood and 90% of our palm oil products met our sustainability commitments. We also maintain strict ethical standards through our Code of Ethics and membership in SEDEX<sup>1</sup> and SIZA<sup>2</sup>.**

A central focus for Pick n Pay includes the use of recycled materials, sustainable cotton, and biodegradable packaging. We launched our first upcycled clothing range in collaboration with Sari for Change, supporting sustainable fashion and empowering women. Additionally, we have increased customer access to recycling by expanding our reverse vending recycling machines. We also focus on reducing food waste through improved forecasting, shelf-life extension projects, and partnerships for organic waste diversion.

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<sup>1</sup> Supplier Ethical Data Exchange.

<sup>2</sup> Sustainability Initiative of South Africa.

## Reducing environmental impact

The Group aims to achieve net zero emissions for Scope 1 and 2 by 2050, with an interim target of a 60% reduction by 2040. Our strategy focuses on natural refrigeration conversions, renewable energy, and energy efficiency. We are installing solar solutions on store rooftops where we can, with the permission of landlords, and increasing our solar capacity. For example, our Eastport distribution centre will soon have 6,600 solar PV panels generating 6 GWh of electricity annually, saving 5,900 tonnes of CO<sub>2</sub> emissions annually. We are also installing inverter and battery backup power solutions in our clothing stores to minimise reliance on diesel generators.

We are committed to improving energy efficiency by 45% across our energy programme stores (322 stores nationwide) by 2030 and converting 100% of our refrigeration systems to natural refrigerants by 2040. In FY24, we converted 18 stores to natural refrigeration systems, bringing the total to 77. Our efforts also include refurbishing water chillers and air handling units to enhance energy efficiency and sustainability.

At our Eastport distribution centre, we have implemented various low-carbon initiatives, such as leasing low-emission vehicles and piloting gas-powered trucks, resulting in significant GHG emission reductions.

We are dedicated to reducing waste through improved planning, forecasting, and innovative product design to extend shelf life. In FY24, we introduced a waste management dashboard to track progress, onboarded new waste management service providers, and piloted a training programme on waste separation for store managers.

Our water stewardship policy guides our efforts to conserve water, supported by real-time monitoring and leak detection systems which has led to a 25% increase in water efficiency since FY18. We use the WWF Water Risk Filter to assess and mitigate water-related risks across our operations. We also focus on recycling and repurposing waste, including initiatives like Boxer's recycling programme, which provides income-generating opportunities for local entrepreneurs.

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## Supporting communities

We believe that businesses thrive by giving back to the communities they serve. Our corporate social responsibility (CSR) strategy is inclusive and collaborative, tailored to meet the diverse needs of the communities. By sharing knowledge among our cross-regional teams, we drive collective action, accountability, and leverage best practices and innovative solutions. Our efforts focus on investing in education, healthcare, infrastructure, environmental stewardship, and supporting local businesses and entrepreneurs.

Our CSR initiatives support sustainable development through various projects. We invest in education, healthcare, and infrastructure to enhance community well-being. Our environmental stewardship programmes include community-based initiatives that promote sustainability. We support local businesses and entrepreneurs, contributing to economic growth and resilience. In FY24, our CSR spend included R10.6 million for nutrition and feeding programmes, R6.8 million for education, R2.2 million for environmental management programmes, and R1.9 million for skills development programmes.

Addressing food insecurity is a key focus of our CSR efforts. We work to keep essential items affordable, support income-generating community food gardens, and develop small-scale farmers. We donate excess food from our stores and support hunger relief through the Feed the Nation Foundation. Our partnership with FoodForward SA, our largest retail partner, involves contributing surplus food from our stores, which is distributed to beneficiary organisations providing meals to those in need.

**In FY24, Pick n Pay donated 900.5 tonnes of food, valued at R40 million, to FoodForward SA.**





Education is a cornerstone of our community support initiatives. The Pick n Pay School Club, established in 2003, is South Africa's largest brand-funded educational resource programme. It provides free, curriculum-compliant materials to educators and learners, enhancing their educational experience. Our social media presence expands our reach, sharing health tips, promoting environmental causes, and distributing additional educational content. Boxer's Youth Leadership Programme and support for under-resourced schools further emphasise our commitment to youth development.

We actively promote environmental awareness and stewardship through various partnerships and initiatives. Programmes like the collection of yoghurt tubs with Clover Danone, upcycling projects, and educational content on plastic recycling aim to reduce environmental impact. Community clean-ups, partnerships with Waste-ED, and school recycling projects encourage responsible waste management and environmental responsibility among youth. Boxer's recycling initiatives and partnerships further support these goals, demonstrating our commitment to sustainability and community involvement.

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## Investing in our people and relationships

Our people are the heart of what we do. In striving to be an employer of choice, we are committed to providing our employees with rewarding jobs, effective training and development opportunities, competitive pay, good working conditions and an opportunity to progress.

This year, we launched a new people strategy aimed at fostering a performance-driven, transformational culture. This strategy, built on six pillars—future focused, talent cultivator, leading for change, purpose driven, value adding, and data-led insights—focuses on long-term growth and agility. We have restructured our human resources function to enhance employee experiences, broaden our remuneration approach, and drive automation and efficiency.

Our wellness programme addresses mental, physical, and financial health, providing comprehensive support and resources, including counseling services and health screenings.

***We maintain a zero-tolerance policy towards discrimination and harassment, supported by a robust Code of Ethics and various anti-discrimination policies.***

Our five-year employment equity plan has consistently exceeded targets, promoting diversity and inclusion across the organisation. Training and development programmes are in place to ensure a continuous talent pipeline, and our fair remuneration practices aim to reduce income disparity and support employee well-being.

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## Appreciation

On behalf of the Committee, I sincerely thank the Group executives and management teams for their ongoing leadership. I am continually amazed by the resilience of the Pick n Pay and Boxer family all working together to put the business back on track. We have a strong operational leadership team to help us set the business on a path of long-term sustainability, supported by phenomenal people across the country with support teams across our business and supply chains.

In closing, I thank my colleagues on the Board and the other committees that support us and contribute to taking forward our sustainability strategy and vision.

**Suzanne Ackerman**

*Chair, Social, Ethics and Transformation Committee*

26 June 2024