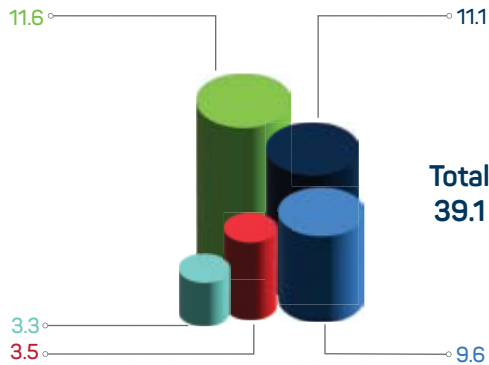


## Our ESG contribution

### 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 relaunched 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 co-ordinate 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.

## 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.



## 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

  
**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.

