

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Pick n Pay is a prominent South African retail chain that operates in the grocery and general merchandise sectors. The company functions through both owned and franchise operations and provides a wide range of products and value-added services, including an online offer. Pick n Pay’s product range includes fresh produce, groceries, meat, dairy, bakery items, frozen foods, household goods, clothing, and electronics.

Since 1967, the company has expanded to encompass a total of 2204 stores as of the FY23 across South Africa, Botswana, Eswatini, Lesotho, Namibia, Zambia, Nigeria, and Zimbabwe. Additionally Pick n Pay owns a 49% share of a Zimbabwean supermarket business, TM Supermarkets. Pick n Pay operates through multiple store formats, including hypermarkets, supermarkets, liquor stores, clothing stores and convenience stores. There are also two brands under which the Pick n Pay group operates – Pick n Pay and Boxer. Boxer stores have discounted offers and targets middle- to lower-income urban, peri-urban, and rural communities of South Africa and Eswatini.

Pick n Pay is guided by the Ekuseni long-term plan (established in 2022), which targets strong market share gains for Pick n Pay over the next four years, with a focus on an exceptional customer offer, including range, quality, price, availability, and service. Under this strategy, our ESG framework guides our sustainable development goals, which include supporting ethical and sustainable sourcing in our supply chain, reducing our carbon footprint, conserving freshwater, and reducing packaging and waste.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	March 1 2022	February 28 2023

W0.3

(W0.3) Select the countries/areas in which you operate.

- Botswana
- Eswatini
- Lesotho
- Namibia
- Nigeria
- South Africa
- Zambia
- Zimbabwe

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Boxer branded stores	Boxer stores are Pick n Pay' discount supermarket chain. As of FY23, there are 428 stores, which represent 19% of total stores. We are unable to get data on these stores and most of the store's bills do not include quantities of water consumed. The water bills have other components such as sewerage and waste costs included, which make it difficult to differentiate water consumption. The water usage by Boxer stores is estimated to be between 20% and 30% of Pick n Pay's total water usage.
Pick n Pay Stores outside of South Africa	Pick n Pay has 186 stores outside of South Africa as of FY23, which represents 8.4% of stores. We are unable to get data on these stores and most of the bills do not include quantities of water consumed. The water bills have other components such as sewerage and waste costs included, which make it difficult to differentiate water consumption. Stores outside South Africa do not represent a significant proportion of our water withdrawals or discharges and is likely accounts for less than 5% of Pick n Pay's water usage.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	ISIN Code: ZAE000005443
Yes, another unique identifier, please specify	Other: JSE Share Code: PIK

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Pick n Pay's primary operations are not particularly water intensive. We use limited amounts of water in our direct operations at stores for sanitation, cleaning, baking, and cooling. While limited quantities are used in our direct operations, stores would not be able to operate efficiently without access to water. For this reason, water quality and quantity are rated as important. Regarding indirect use, fresh water is integral to the production of our products in our value chain. This rating was chosen as our supply chain is reliant on good quality freshwater for operations. In terms of our own operations, future dependency on water will reduce as we have added water to our active energy management programmes, which includes rolling-out our water efficiency program to more stores, but even with improved efficiency sufficient good quality freshwater will always be important in our operations. In terms of our supply chain, our dependency on quality freshwater will increase due to our expanding store footprint (e.g., increase from 2081 in FY22 to 2204 in FY23) as this will lead to increased demand for agricultural products.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	In Pick n Pay's direct operations, we use a very limited amount of rainwater and water is still recycled in our Distribution Centre truck washes. Therefore, it is rated as not being critical to our operations. We do not currently have data on recycled, brackish and/or produced water in our value chain and indirect operations. Our indirect upstream supplier operations primarily require fresh water as opposed to recycled or brackish water to produce products for sale by Pick n Pay. Therefore, we have rated this water aspect as neutral. However, future water dependency is expected to increase for both direct and indirect operations, with escalating operating costs of fuel, electricity, and water (IAR 2023), during periods of water shortages as experienced in the Eastern Cape and during times of flooding in as experiences in KwaZulu-Natal (IAR 2023). Non-fresh water becomes relevant during times of droughts, which are expected to reoccur in the future.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Continuously	Water withdrawals are measured on a continuous basis using online water meters, which have been installed at all of our stores, distribution centres and offices reports are generated on a weekly basis.	Pick n Pay is not a water intensive company and we primarily we use water in our direct operations at stores for sanitation, cleaning, cooling, and baking. Water usage changes are monitored, and leakages are addressed to prevent water wastage and expense.
Water withdrawals – volumes by source	100%	Continuously	Water withdrawals at most of our stores, distribution centres offices and are closely monitored using installed online water meters. Water usage is monitored on a continuous basis by our utilities team and water performance reports are generated on a weekly basis	We use limited amounts of water, and we are not a water intensive company. Primarily, we use limited amounts of water in our direct operations at stores for sanitation, cleaning, and cooling. Most of Pick n Pay's water supply come from third-party sources.
Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	<Not Applicable>	<Not Applicable>	Pick n Pay primarily uses municipal water in our direct operations at stores for sanitation, cleaning, cooling, and baking. This water is clean, potable water which is the minimum requirement for PnP's operations.
Water discharges – total volumes	76-99	Continuously	Total volumes of water discharges are closely monitored on a continuous basis. We have installed online water meters at most of our stores, distribution centres and offices reports are generated on a weekly basis.	Water discharges are monitored at most of our stores, distribution centres and offices. Water discharge changes and/or leakages are addressed to prevent water wastage and expense.
Water discharges – volumes by destination	76-99	Continuously	Total volumes of water discharges to third party sources are continuously monitored and reported on a quarterly basis.	All of Pick n Pay's water discharges go to municipal sewers (third-party sources) for treatment.
Water discharges – volumes by treatment method	Not relevant	<Not Applicable>	<Not Applicable>	Pick n Pay discharges all water into municipal systems. The water is, therefore, not treated in any way before it leaves the company boundary, hence the monitoring of water discharge volumes by treatment method is not applicable to our operations
Water discharge quality – by standard effluent parameters	Not relevant	<Not Applicable>	<Not Applicable>	Pick n Pay uses limited amounts of water and we are not a water intensive company. Primarily, we use limited amounts of water in our direct operations at stores for sanitation, cleaning and cooling. Pick n Pay's water discharges are therefore not considered harmful and as a result are discharged primarily to municipal sewers.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not relevant	<Not Applicable>	<Not Applicable>	The monitoring of emissions such as nitrates, phosphates and pesticides to water is not applicable to Pick n Pay's operations as water is used in relatively limited amounts for sanitation, baking, cooling, and cleaning.
Water discharge quality – temperature	Not monitored	<Not Applicable>	<Not Applicable>	The monitoring of water discharge temperature is not applicable to Pick n Pay's operations as water is used in relatively limited amounts for sanitation, baking, cooling, and cleaning.
Water consumption – total volume	76-99	Continuously	Water consumption is monitored by the utilities team on a continuous basis using the online water meters in store and reports are generated on a weekly basis	Pick n Pay is not a water intensive company and we primarily we use water in our direct operations at stores for sanitation, cleaning, cooling, and baking.
Water recycled/reused	Not monitored	<Not Applicable>	<Not Applicable>	Pick n Pay is not a water intensive company and we primarily we use water in our direct operations at stores for sanitation, cleaning, cooling, and baking. We recycle water used to wash trucks at the Distribution Centres. However, these volumes are not monitored because the volumes are considered immaterial.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Yearly	This is monitored through the normal audit procedures and conducted on an annual basis.	Pick n Pay's operations undergo annual food safety and occupational health and safety audits which includes sanitation and hygiene.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	1129	Higher	Facility expansion	Lower	Increase/decrease in efficiency	<p>Withdrawals are higher than the previous reporting year - there has been an 10% increase since 2022. Higher is defined as a change between 5% and 40%. This increase can be attributed to an increase in store footprint. We forecast that this will decrease in the next five-years as we implement further water efficiency measures.</p> <p>Pick n Pay launched a water awareness and efficiency project in 2018 which continued in the reporting year. The campaign includes the installation of water saving devices and online water meters. It is expected that additional water savings will be achieved over the next couple of years. We are now able to track water usage more accurately and we are able to respond much quicker when irregular water usage is detected.</p>
Total discharges	1067	Higher	Facility expansion	Lower	Investment in water-smart technology/process	<p>Discharges are higher than the previous reporting year - there has been an 15% increase since 2022. Higher is defined as a change between 5% and 40%. This increase can be attributed to an increase in store footprint.</p> <p>We forecast that discharge will decrease in the next five-years as we implement further water efficiency measures, including the installation of water saving devices (such as waterless urinals, use of grey water and water reticulation systems) and online water meters.</p>
Total consumption	62	Lower	Facility expansion	About the same	Increase/decrease in efficiency	<p>The consumption volumes are calculated using the CDP definition of withdrawals minus discharges. As a result of higher discharges, consumption has decreased by 36% in FY23. Lower is defined as a change between 5% and 40%.</p> <p>We forecast that consumption will remain about the same over the next five-years as water efficiency measures are implemented, reducing withdrawals and resultant discharges.</p>

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	26-50	About the same	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	WRI Aqueduct WWF Water Risk Filter	Pick n Pay has used the WRI Aqueduct and WWF Water Risk Filter to assess the water risks of the areas where our stores are located. The tools indicate whether the withdrawals are from a water stressed area or not. The Eastern Cape, in particular, remains vulnerable to drought-like conditions over the short term, and this will continue to be a high-risk region over the long term.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	5	About the same	Investment in water-smart technology/process	<p>Rainwater is harvested at some of our Distribution Centres and has remained about the same as 2022. About the same is defined by a change less than 5%.</p> <p>Rainwater harvesting is relevant as it allows Pick n Pay to reduce costs and reliance on municipal water. At the Eastport distribution centre, rainwater is treated to a high quality, to make it suitable for use in the evaporative condensers, as well as site potable consumption. This greatly reduces municipal water consumption and provides a large back-up water source requiring municipal water as back-up/top-up only.</p>
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Brackish surface water / seawater is not relevant to Pick n Pay because operations largely require potable water. It is not expected that withdrawals from this source will increase over the next couple of years.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Renewable groundwater is not relevant to Pick n Pay because operations largely require potable water. It is not expected that withdrawals from this source will increase over the next couple of years.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Non-renewable groundwater is not relevant to Pick n Pay because operations largely require potable water. It is not expected that withdrawals from this source will increase over the next couple of years.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Produced/Entrained water is not relevant to Pick n Pay because operations largely require potable water. It is not expected that withdrawals from this source will increase over the next couple of years.
Third party sources	Relevant	1124	Higher	Facility expansion	Almost all water used in our operations (excluding the rainwater) is derived from municipal supply. Water withdrawal from third party sources is very important for Pick n Pay's operations, and is mainly used in cooling, cleaning, sanitation and baking. The volume in the reporting year is 10% higher than in 2022. Higher is defined as a change between 5% and 40%.

W1.2i

(W1.2) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Pick n Pay discharges water primarily to third party destinations for municipal treatment. Fresh surface water discharges only occur at very small volumes and therefore not relevant.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Pick n Pay discharges water primarily to third party destinations for municipal treatment. Brackish surface water discharges only occur at very small volumes and therefore not relevant.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Pick n Pay discharges water primarily to third party destinations for municipal treatment. Groundwater discharges only occurs at very small volumes, and therefore not relevant.
Third-party destinations	Relevant	1067	Higher	Facility expansion	Pick n Pay discharges water primarily to third party destinations for municipal treatment. Total discharges were higher in FY23 by 15%. Higher is defined as a change between 5% and 40%. This increase can be attributed to an increase in store footprint.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	1065618 00000	1129	94386005.3144 376	Our water withdrawal efficiency is anticipated to decrease as water efficiency improvements are undertaken in our stores and distribution centres. These measures include the installation of water meters, rainwater harvesting, waterless urinals and recycling of water used for truck washing at our distribution centres.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	Yes	<Not Applicable>

W1.4a

(W1.4a) What percentage of your company's revenue is associated with products containing substances classified as hazardous by a regulatory authority?

Regulatory classification of hazardous substances	% of revenue associated with products containing substances in this list	Please explain
Other, please specify (Occupational Health and Safety Act, Regulations for Hazardous Chemical Agents, 2021)	Less than 10%	<p>Pick n Pay have a "Household and Cleaning" and "Home appliances and Outdoor" shopping category in store. Under these categories we sell various household detergents, batteries, gas canisters and pool chemicals, which would fall into hazardous chemical agents. The revenue generated from the sales of these products is approximately R250 000 000, which is less than 10% of Pick n Pay's annual revenue.</p> <p>We use the National Environmental Management Act and The Occupational Health and Safety Act, Regulations for Hazardous Chemical Agents, 2021, as guidelines to handle these substances correctly across our operations.</p> <p>To reduce our sales of hazardous substances we have reintroduced our Live Green brand, which comprises eco-friendly alternatives to standard household cleaning products. All products (except furniture polish) are made with biodegradable and naturally derived active ingredients.</p>
Other, please specify (National Environmental Management Act)	Less than 10%	<p>Pick n Pay have a "Household and Cleaning" and "Home appliances and Outdoor" shopping category in store. Under these categories we sell various household detergents, batteries, gas canisters and pool chemicals, which would fall into hazardous chemical agents. The revenue generated from the sales of these products is approximately R250 000 000, which is less than 10% of Pick n Pay's annual revenue.</p> <p>We use the National Environmental Management Act and The Occupational Health and Safety Act, Regulations for Hazardous Chemical Agents, 2021, as guidelines to handle these substances correctly across our operations.</p> <p>To reduce our sales of hazardous substances we have reintroduced our Live Green brand, which comprises eco-friendly alternatives to standard household cleaning products. All products (except furniture polish) are made with biodegradable and naturally derived active ingredients.</p>

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	Yes	<Not Applicable>	<Not Applicable>
Other value chain partners (e.g., customers)	Yes	<Not Applicable>	<Not Applicable>

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)
Supplier dependence on water

Number of suppliers identified as having a substantive impact

170

% of total suppliers identified as having a substantive impact

26-50

Please explain

Pick n Pay's suppliers are required to send the team water analysis per schedule annually at minimum, as per regulatory requirements. Produce suppliers are also required to complete a risks assessment that considers the water source utilised and are required to have a Global G.A.P certification. The suppliers that complete this certification make up 32% of our total produce suppliers and we spend 21% of our fresh procurement spend on them, which equates to approximately R 1 504 000 000.

In FY23, we will be working with WWF-SA to improve water resource management across stores and within our supply chain, including responsible sourcing. We will be identifying areas of highest water risk in operations and supply chain. By using the relevant water risk tools WWF and Pick n Pay, will be working with key suppliers on a water risk filter process and mapping the areas of highest risks. All Pick n Pay buyers and suppliers will be trained and educated regarding better water practices.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	Yes, water-related requirements are included in our supplier contracts	<Not Applicable>

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Conducting water-related risk assessments on a regular basis (at least once annually)

% of suppliers with a substantive impact required to comply with this water-related requirement

1-25

% of suppliers with a substantive impact in compliance with this water-related requirement

1-25

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

All produce suppliers are required to have potable water for washing hands, cleaning and the area where products are washed. Pick n Pay fresh suppliers are required to send the team water analysis per schedule at minimum annually as per regulatory requirements. Produce suppliers are also required to complete a risks assessment that considers the water source utilised. Suppliers are required to have a Global G.A.P certification.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

26-50

% of suppliers with a substantive impact

26-50

Rationale for your engagement

Pick n Pay engages with strategic suppliers about water-related issues such as management, drought, and water scarcity. The engagement covers water savings initiatives as well as strategies to manage periods of water scarcity. Participation from the suppliers is voluntary and is not incentivized.

Impact of the engagement and measures of success

By engaging with suppliers and gathering relevant data, Pick n Pay aimed to assess the risks and vulnerabilities associated with our current suppliers and evaluate the need for diversification in key product categories. The success of the project was determined in terms of the percentage of suppliers that responded to the request for information and completed the survey.

Comment

No additional comments

Type of engagement

Information collection

Details of engagement

Collect water management information at least annually from suppliers

% of suppliers by number

76-99

% of suppliers with a substantive impact

76-99

Rationale for your engagement

Pick n Pay Clothing utilises SEDEX (Supplier Ethical Data Exchange) which is a large data platform that allows businesses to gather data and get greater visibility into their supply chain, as well as manage and mitigate the risks of environmental impacts within it. Engaging with suppliers on the SEDEX platform enables us to identify risks, remain compliant, easily track stakeholder data, and protect revenue by preventing sustainability issues within our business.

Impact of the engagement and measures of success

The impact of subscribing to SEDEX has provided a broader reach and data collection platform for our supply chain to provide water-related data to us and other customers. We can measure the success of this through the number or percentage of suppliers that use the platform, which is 83% of Pick n Pay clothing suppliers as of FY23. Furthermore, we can mitigate reputational and regulatory risk by having access to the data which shows our supply chain is taking action to reduce their water related impacts.

Comment

No additional comments

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Educate and work with stakeholders on understanding and measuring exposure to water-related risks
Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Rationale for your engagement

Pick n Pay launched a consumer and employee water awareness programme aimed at raising customer and staff awareness. The campaign consisted of posters, in-store radio and screens as well as an extensive social media campaign. Customers are considered a very significant part of the Pick n Pay value chain; therefore, it was deemed important to use Pick n Pay's stores to educate customers on the risks of drought and encourage efficient use of freshwater. The advertising of climate- and water-responsible products creates environmentally aware and conscious customers. For example, Pick n Pay clothing advertises their water-wise denim range, in which 80% of the denim is produced from water and energy saving technology. Pick n Pay continues to address the global water crisis and commit to using our marketing channels to raise awareness amongst customers and other relevant stakeholders (Water Policy 2023).

Impact of the engagement and measures of success

Pick n Pay measured the success of this campaign by evaluating social media views, reach and impressions.

Type of stakeholder

Other, please specify (Supply chain)

Type of engagement

Education / information sharing

Details of engagement

Educate and work with stakeholders on understanding and measuring exposure to water-related risks
Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Rationale for your engagement

Pick n Pay has engaged with NGOs and worked with our fresh produce and clothing suppliers to reduce their water consumption (ESG 2023). We also plan to provide our smaller suppliers with training and assistance for managing the impacts of water scarcity (Water policy 2023).

Impact of the engagement and measures of success

We have engaged with 100 of our suppliers through these training workshops, and this covers 70% of our fresh produce suppliers. This engagement ensures 70% of our fresh produce suppliers are implementing water efficiency measures. Regarding clothing, 65% of direct supplier's employ water-wise practices, including, rainwater harvesting, recycling of pre-production waste and water recycling.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Row 1	No	<Not Applicable>	

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified	Please explain
Row 1	No, we do not identify and classify our potential water pollutants	<Not Applicable>	Pick n Pay leases a large portion of our operational footprint, therefore, it is not feasible to monitor pollutants with the current property owners. However, based on the nature of Pick n Pay's operations, we do not discharge pollutants with detrimental impacts on human health. Nevertheless, Pick n Pay has implemented a biological water treatment system, which processes and reuses over 150 000 litres of wastewater from the onsite truck wash bay. This ensures effective treatment and purification, and the treated wash bay water can be reused on-site, minimizing water consumption.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Databases

Tools and methods used

WRI Aqueduct

WWF Water Risk Filter

Regional government databases

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Other, please specify (River basin management authorities)

Comment

No additional comments.

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management

Tools and methods used

WRI Aqueduct
WWF Water Risk Filter
Other, please specify (Regional government databases)

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level
Other, please specify (River basin management authorities and statutory special interest groups at a local level)

Comment

No additional comments.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
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	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>Climate change and food security is a concern for Pick n Pay and for all our stakeholders. In addition, climate change and changing weather patterns could disrupt the availability of raw materials, energy supply, as well as water. Water is still a critical aspect of Pick n Pay's business direct operations and supply chain. Therefore, Pick n Pay uses the WWF Water risk filter as well as governmental databases for identifying, assessing, and responding to water-related risks. The WWF-DEG Water Risk Filter has been selected because it is a practical online questionnaire that not only identifies water risk in supply chains and investment portfolios, but also provides practical steps to mitigate risk. The WWF-DEG Water Risk Filter is used in conjunction with internal company knowledge to provide company specific insights and guidance on risk mitigation. Regarding governmental databases, the primary tool used is the Cape Farm Mapper, which was developed by the Western Cape Department of Agriculture. Any risks identified are reported in the quarterly Sustainability Steering Committee meetings which is attended to by the General Manager of Sustainability, the CEO, Director of Transformation, and the Director of Strategy and Corporate Affairs.</p>	<ul style="list-style-type: none"> • Water availability at a basin/catchment level • Water quality at a basin/catchment level <p>Water availability and quality is considered as this is required for store operation, ensuring our main water-related activities (i.e., baking, cleaning, cooling and sanitation) can be carried out, and ensuring product production in the supply chain.</p> <ul style="list-style-type: none"> • Stakeholder conflicts concerning water resources at a basin/catchment level <p>Stakeholder conflicts and regulatory frameworks concerning water resources are also considered as they may impact Pick n Pay's access to water.</p> <ul style="list-style-type: none"> • Implications of water on your key commodities/raw materials • Water regulatory frameworks • Status of ecosystems and habitats <p>In addition to our direct water supply, we consider the implications that water risks have on our suppliers, the products we purchase from them as well as the broader status of ecosystems and habitats that affect our water.</p> <ul style="list-style-type: none"> • Access to fully-functioning, safely managed WASH services for all employees <p>Similarly, access to safely managed WASH services and impact on human health are considered as Pick n Pay recognises the right to safe and clean drinking water and sanitation as a basic human right.</p> <p>Impact on human health is not specifically considered, as our water footprint in our direct operations is limited and does not produce harmful pollutants. However, as above, we ensure employees have</p>	<p>Water related risks are critical in the value chain. We have engaged NGOs and local communities and are working with our fresh produce suppliers to reduce water consumption. We carefully consider the involvement of regulatory bodies, along with our product and water suppliers.</p> <ul style="list-style-type: none"> • Water utilities at a local level • Other water users at the basin/catchment level • Other, please specify (River basin management authorities Statutory special interest groups at a local level) <p>We consider the water utilities at a local level and water users at a basin/catchment level and river basin management to incorporate the local context of water-related risks, which can differ across the store footprint.</p>	<p>Our determination of materiality is primarily driven through our risk management process, which involves a formal framework of policies and procedures to identify and assess material risks and opportunities at a strategic, regulatory, reputational, financial, and operational level – including all ESG-related risks/opportunities. This review forms part of the Group's company-wide risk management and combined assurance programme. Senior management has day-to-day responsibility for identifying, evaluating, and managing risks/opportunities within their area of accountability. Their input informs our risk management process.</p> <p>The senior management team regularly engages with its providers of financial capital – including shareholders and strategic funding partners. This engagement is crucial in gaining an understanding of the independent perspective of key stakeholders and their material concerns, which is a further way of identifying or confirming relevant material matters for the Group.</p> <p>The Audit, Risk and Compliance Committee monitors the risk management process across all divisions in the Group. The Board undertakes discussions throughout the year on matters that could impact our ability to create value for stakeholders. During these discussions, the Board tests the relevance of our material risks/opportunities and provides guidance on where matters need to be expanded, relooked or added to ensure our strategy remains responsive to our changing operating environment.</p>

Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholder considerations	Decision-making process for risk response
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W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Pick n Pay applies materiality (i.e., the concept of an amount above a significant threshold) to aid in decision-making on matters that could have a substantial impact on the business. This improves the quality and relevance of information available to all stakeholders and enables a more effective allocation of capital. To determine our material risks and opportunities, we use inputs such as: the macro-economic environment we operate in, changing industry and consumer trends, our stakeholders' expectations and concerns, the outcomes of the Group's risk management process, and the Group's capital. We identify material risks and opportunities at a strategic, regulatory, reputational, financial, and operational level – including all ESG-related risks and opportunities.

Water-related risks are relevant to our direct and indirect operations. Regarding indirect operations, Pick n Pay relies on water in our value chain to ensure production and supply of fresh produce. However, water scarcity and quality risks are already affecting our suppliers. Examples of risks in the last few years include the persistent drought in the Eastern Cape that impacted supply during FY2021, the flooding in KwaZulu-Natal in April 2022, and inconsistent summer rainfall over maize-producing areas in early 2023. If our suppliers cannot manage these water-related risks, it could impact the potential availability, quality, and price of products. As a result, customers would not necessarily be prepared to pay these higher prices and we would lose significant sales for the most water-dependent products in our business. In our direct operations, stores are at risk if they do not have sufficient potable water to operate whilst meeting our standards for cleaning and sanitation. Therefore, water supply disruptions, restrictions and increased water tariffs are risks considered by Pick n Pay.

Evaluating the potential substantive/strategic financial impact of these risks is done on a case-by-case basis from a quantitative and/or qualitative perspective. For Pick n Pay, a substantive financial or strategic impact is defined as a store closure for one week or a reduction in operating hours for a store lasting more than a week. The closure of a small and large store for this length of time will result in the loss of approximately R1.4m and R8m, respectively, per week in sales turnover. Similarly, if a distribution centre is not able to supply produce to multiple stores due to an extreme water related event (e.g., flooding), this will have a downstream knock-on effect on the Group's operations.

Regarding, customer-related and reputation risks, anything that has the potential to affect the Pick n Pay brand is considered as substantive and material. For example, Pick n Pay has identified that the unavailability of stock due to water-related issues could lead to reputational damage to the brand. Any reputational damage experienced by customers and suppliers could potentially result in a decrease in sales, resulting in loss of market share. In addition, contributing to water pollution around our operations can lead to significant impacts on the communities and customers we serve. This will have an indirect impact on our operations due to lower customer support and lower sales. To manage these reputational risks, Pick n Pay has a team that focuses specifically on collecting and developing brand perception via online and face to face surveys.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	1-25	Pick n Pay has 1599 stores within South Africa (excluding Boxer stores). As a conservative measure and to ensure the Group encompasses potential risks broadly across its entire operational area, we have considered all Pick n Pay stores within water stressed areas are to be at some form or water-related risk. Water stress is defined as having a risk classification of 40% or above according to the WRI Aqueduct Water Risk Atlas (https://www.wri.org/applications/aqueduct/water-risk-atlas). For simplicity, facilities are defined as all stores within a major river basin, therefore, the 403 stores (which make up 25% of stores) across South Africa are grouped into four overall 'facilities' in terms of water risk. The major river basins are Limpopo, Orange, South Coast and Berge-Breede.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

South Africa	Other, please specify (Berg-Breede (i.e., Berg-Olifants and Breede-Gouritz))
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

11-20

Comment

130 stores within the Pick n Pay Group's operations are in water-stressed water basins within the Berg-Breede major basin (as per the WRI Aqueduct Tool). Five new stores within this basin were opened since July 2022. This area has undergone significant water stress in the last 6 years with several municipalities instituting strict water restrictions. Water stress could have a substantive financial or strategic impact on the Group's operations and value chain, especially with respect to fresh produce availability and the ability to operate in-store butcheries and bakeries. The water-related impacts could impact supply of produce as well as store closure if water restrictions are in place that reduce the availability of water for hygiene, washing and drinking needs for staff and customers. This could necessitate a reduction in store operating hours or temporary store closure if water-related impacts are experienced over longer periods.

Country/Area & River basin

South Africa	Limpopo
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

11-20

Comment

234 stores within the Pick n Pay Group's operations are located in water-stressed water basins within the Limpopo major basin (as per the WRI Aqueduct Tool). Four new stores were opened since July 2022. These areas are largely classified as having relatively high-water stress due to factors such as intermittent year-on-year rainfall and high-water demand from several large towns, cities and major industry relative to the supply. Much of the area also relies on inter-basin transfers to meet the demand. Water stress could have a substantive financial or strategic impact on the Group's operations and value chain, especially with respect to fresh produce availability and the ability to operate in-store butcheries and bakeries. The water-related impacts could impact supply of produce as well as store closure if water restrictions are in place that reduce the availability of water for hygiene, washing and drinking needs for staff and customers. This could necessitate a reduction in store operating hours or temporary store closure if water-related impacts are experienced over longer periods.

Country/Area & River basin

South Africa	Orange
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

14 stores within the Pick n Pay Group's operations are located in water-stressed water basins within the Orange major basin (as per the WRI Aqueduct Tool). These areas

are largely classified as having relatively high-water stress due to factors such as intermittent year-on-year rainfall and high-water demand from large-scale agriculture (primarily for irrigation) and gold mining, relative to the supply. Water stress could have a substantive financial or strategic impact on the Group's operations and value chain, especially with respect to fresh produce availability and the ability to operate in-store butcheries and bakeries. The water-related impacts could impact supply of produce as well as store closure if water restrictions are in place that reduce the availability of water for hygiene, washing and drinking needs for staff and customers. This could necessitate a reduction in store operating hours or temporary store closure if water-related impacts are experienced over longer periods.

Country/Area & River basin

South Africa	Other, please specify (South Africa, South Coast)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

17 stores within the Pick n Pay Group's operations are located in water-stressed water basins within the South Africa, South Coast major water basin (as per the WRI Aqueduct Tool). These areas are largely classified as having relatively high water stress due to factors such as intermittent year-on-year rainfall and high water demand from large-scale agriculture (primarily for irrigation). Some stores in the Eastern Cape have been noted as being at risk due to water scarcity which has resulted due to a drought that has persisted for several years. The stress on water supply could be exacerbated over the coming decades under climate change in the region. Water stress could have a substantive financial or strategic impact on the Group's operations and value chain, especially with respect to fresh produce availability and the ability to operate in-store butcheries and bakeries. The water-related impacts could impact supply of produce as well as store closure if water restrictions are in place that reduce the availability of water for hygiene, washing and drinking needs for staff and customers. This could necessitate a reduction in store operating hours or temporary store closure if water-related impacts are experienced over longer periods.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa	Other, please specify (Berg-Breede (i.e., Berg-Olifants and Breede-Gouritz))
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Type of risk & Primary risk driver

Acute physical	Drought
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Primary potential impact

Disruption to sales

Company-specific description

Climate experts have warned of the developing climate pattern, El Niño, towards the end of 2023. El Niño is associated with increased temperatures and low rainfall, which was experienced during Cape Town's "day-zero" drought a few years ago and resulted in periods of water restrictions across the Western cape region, and similarly (and more recently) across the Eastern cape region. The risk of increased water scarcity and potential resultant drought makes Pick n Pay vulnerable to disruptions in water supply, which could have a material impact on the functioning of our stores. Without access to adequate water supply, our bakeries, butcheries, and delis are unable to function adequately, which may result in a loss of sales. The supply of fresh produce, dairy products may also be impacted due to difficult growing and rearing conditions, which will in turn impact product supply, sales, and reputational risk.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

1400000

Potential financial impact figure - maximum (currency)

8000000

Explanation of financial impact

If one store closes for a week, this can result an approximate average revenue loss of almost R1m per week. This cost is calculated by dividing the total revenue in FY 2023 (R106.6 billion) by the total number of stores (2204) and dividing this by days operational in the year (365). Stores range in sizes, therefore, this can vary between R1.4m per week for a small store and R8m for a large store, if closed for a week. There will also be an impact on employee and customer well-being, which cannot be quantified financially.

Primary response to risk

Increase capital expenditure

Description of response

On a store level, to mitigate the costs and risk of drought, Pick n Pay can install backup water tanks at very high-risk stores, for example, in the Western Cape, which make up 75 of Pick n Pays national footprint. Thus far, Pick n Pay has back up water tank at 19 stores and two distribution centres across the Berg-Breede and Limpopo water basins. Ablutions make up the majority of Pick n Pay's water usage, therefore we have installed waterless urinals at 36 stores. In addition, 26 stores have grey water initiatives, and we have a split water reticulations for activities that require potable water and those that do not (e.g., ablutions) in new buildings and existing stores. The split reticulations are part of new build specifications and if any renovations are conducted this mechanism will be included. Other initiatives that Pick n Pay has implemented during periods of drought included partnering with our supplier Cerebos (a salt brand) to provide desalinated water to stores in the Eastern Cape, so that employees had access to clean drinking water.

Cost of response

3000000

Explanation of cost of response

Stores vary in their size and water requirements – we estimate water tanks would cost R20 000 for small stores and R40 000 for large stores. Therefore, the average cost would be approximately R30 000 per store. We estimate that if 75 tanks are installed across very high-risk areas in the Western Cape, the cost would be R2 250 000. R3m was used as a conservative estimate for any variations depending on store size and number of tanks required.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa	Other, please specify (All river basins)
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Disruption to sales due to value chain disruption

Company-specific description

Based on climate change predictions from the IPCC Sixth Assessment Report and local climate projections, temperatures are to increase, rainfall patterns to change and drought periods to become longer and more intense in southern Africa. In many areas rainfall has reduced, and the average temperature has risen by around 0.5°C in the latter half of the twentieth century. Being a water scarce country already, water availability in South Africa is an increasing social and business risk, especially in terms of food security. Changes in precipitation have already impacted Pick n Pay's supply chain - an estimated 30% of our fresh produce suppliers have been affected by irregular weather patterns.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

It is difficult to estimate the potential financial impact of changing water availability on the business. However, unpredictable rainfall and drought will result in unpredictable harvest patterns or ability to produce fresh produce for Pick n Pay altogether. Consequently, we may lose sales in specific product categories or need to rely on imports (at a higher cost). Loss in sales can cost Pick n Pay up to R10 million yearly.

Primary response to risk

Upstream	Increase supplier diversification
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Description of response

In order to manage this type of risk better Pick n Pay has built resilience into its supply chain by evaluating its suppliers in terms of risk and by using multiple suppliers in high risk categories. The Ackerman Pick n Pay Foundation has a programme for establishing and supporting small agricultural projects for community food production. This programme includes water conservation and management training and it involves the installation of water tanks and boreholes. The programme has already been rolled out to more than 5000 small scale agricultural projects costing Pick n Pay more than R1 million. We also have a dedicated programme to assist small suppliers with their compliance, which is a substantial challenge for small businesses that includes water and soil testing, labelling, traceability journals and record keeping.

Cost of response

5000000

Explanation of cost of response

Building resilience into the supply chain is part of supply chain management and it is difficult to accurately measure the exact financial cost for this specific case. The farmer mentoring programme that Pick n Pay operates costs approximately R5m to operate on an annual basis.

Country/Area & River basin

South Africa	Other, please specify (South Africa, South Coast)
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential impact

Disruption to sales due to value chain disruption

Company-specific description

Climate projections show that rainfall events over southern Africa will be less frequent but increase in intensity. Increased localised rainfall poses an increased risk of flooding, as experienced in KwaZulu-Natal and more recently in the Western Cape. Extreme weather events such as high rainfall and flooding could damage direct and surrounding infrastructure and agricultural fields, disrupting the supply of products from distribution centres, which would result in a reduced revenues from lower sales/output. Twenty-two of Pick n Pay's grocery stores are based in eThekweni municipality, which has been recently impacted by floods.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

100000

Potential financial impact figure - maximum (currency)

900000

Explanation of financial impact

Potential loss of revenue: if a store cannot receive stock from a distribution centre, this could result in loss of sales of between R100 000 to R900 000 per day for a small and large store, respectively.

Primary response to risk

Direct operations	Increase capital expenditure
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Description of response

To mitigate the risk and costs of extreme weather events, Pick n Pay has considered diversification of suppliers for certain product types and mapped out alternative routes to transport goods if roads are unusable along main transport routes.

Cost of response

200000

Explanation of cost of response

The cost of the business risk assessment to investigate alternative transport routes and site selection for stores in order to mitigate distribution risks costs approximately R200 000.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Pick n Pay uses water for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained in its operations. In 2013 we formulated a strategic, three-stage plan to enable long-term sustainable growth in the company. One of the focus areas of this plan is achieving higher levels of operational efficiency and lower costs across the business, including in water usage. During periods of drought, water restrictions and increased water tariffs are likely to be implemented. To mitigate this risk, Pick n Pay has rolled out the installation of online water meters in Pick n Pay company-owned stores, distribution centres and offices. This roll-out allows us to identify and manage water leaks and accurate billing of water, thereby reducing water costs.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

5500000

Potential financial impact figure – maximum (currency)

11000000

Explanation of financial impact

Accurately accounting for the water consumption at store level should enable Pick n Pay to achieve operational cost reductions. The potential financial impact is an estimation based on improved water efficiency, tracking and reduced water leakages at store level. The potential financial impact is calculated by determining the overall water cost for Pick n Pay for the last financial year (±R55 million) and reducing this by 10% - 20%, which could result in a saving of R5.5m to R11m per year.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Pick n Pay has incorporated water efficiency measures in our new Eastport distribution centre in Gauteng. The two main projects are an innovative rainwater harvesting system and a biological water treatment system, which both have significant cost saving and water conservation potential.

The rainwater harvesting system collects and treats 300 000 litres of rainwater for use in the distribution centre cooling plant. The system includes a 3 000 000-litre dam for rainwater collection, a 1 000 000-litre underground sump for clean and safe water storage, and sustainable water utilisation for the cooling plant. By using rainwater, Pick n Pay minimises dependence on costly municipal water sources.

The biological water treatment system processes and reuses over 150 000 litres of wastewater from the on-site truck wash bay. The system ensures effective treatment and purification so that the water can be reused on-site, minimizing water consumption. The system optimizes wastewater treatment, reduces environmental impact, and adheres to regulatory requirements.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4700000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The rainwater harvesting system will save over R2 500 000 annually and the water treatment system is estimated to save over R2 200 000 annually.

Type of opportunity

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

Consumers are increasingly aware of the excessive consumption of natural resources and deterioration of the environment, and this awareness has made them more selective in the products that they buy. Increasing consumer activism related to the environmental footprint of the products could lead to brand or product boycotts, thereby impacting Pick n Pay's revenue and reputation. Pick n Pay will be partnering with WWF-SA to assist in achieving our ESG targets. Pick n Pay has a R2 million annual commitment to the WWF partnership, where 30% is to be spent on water related education/management in the supply chain.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

266404500

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The financial implications associated with a shift in customer preferences can be difficult to calculate accurately. However, it is estimated that market share could increase, by capitalising on this opportunity, by as much as 0.25% (total revenue = R106 billion), which will result in an increase in revenue of R 266 404 500.

W5. Facility-level water accounting**W5.1**

(W5.1) For each facility referenced in W4.1.c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Berg-Breede facilities

Country/Area & River basin

South Africa	Other, please specify (Berg-Breede)
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Latitude

-33.99759

Longitude

18.60534

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

234

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

234

Total water discharges at this facility (megaliters/year)

219

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

219

Total water consumption at this facility (megaliters/year)

15

Comparison of total consumption with previous reporting year

Much higher

Please explain

This is an aggregation of stores and distribution centres within the Berg-Breede river basin that are exposed to risk as identified by the WRI Aqueduct Water Risk Atlas, where water stress is defined as having a risk classification of 40% or above. This is the second year of reporting these volumes.

The thresholds used to define change in water withdrawals, discharge and consumption are:

- About the same is less than a 5% change
- Higher or lower is a change between 5% and 40%
- Much higher or much lower is more than a 40% change

Total withdrawals and discharges are much higher than FY22. Consumption (i.e., withdrawals minus discharges) has increased to 15 ML. Withdrawals, discharge and consumption are much higher as stores that were not included in the FY22 reporting year were included this year. We anticipate that water withdrawals and discharges will decrease as water efficiency measures are rolled out to more stores.

Facility reference number

Facility 2

Facility name (optional)

Limpopo

Country/Area & River basin

South Africa	Limpopo
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Latitude

-25.16787

Longitude

29.39695

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

479

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

5

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

474

Total water discharges at this facility (megaliters/year)

441

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

441

Total water consumption at this facility (megaliters/year)

38

Comparison of total consumption with previous reporting year

Much higher

Please explain

This is an aggregation of stores and distribution centres within the Limpopo river basin that are exposed to risk as identified by the WRI Aqueduct Water Risk Atlas, where water stress is defined as having a risk classification of 40% or above. This is the second year of reporting these volumes.

The thresholds used to define change in water withdrawals, discharge and consumption are:

- About the same is less than a 5% change
- Higher or lower is a change between 5% and 40%
- Much higher or much lower is more than a 40% change

Total withdrawals and discharge are much higher as the Longmeadow distribution centre in Gauteng Province and additional high-risk stores have been included in the FY23 withdrawals and discharge values. Rainwater harvesting has remained the same. The resultant consumption (i.e., withdrawals minus discharges) is has increased by 38 ML. We anticipate that water withdrawals from municipal sources and discharges will decrease as water efficiency measures are rolled out to more stores.

Facility reference number

Facility 3

Facility name (optional)

Orange

Country/Area & River basin

Latitude**Longitude**

27.6963

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

18

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

18

Total water discharges at this facility (megaliters/year)

17

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

17

Total water consumption at this facility (megaliters/year)

1

Comparison of total consumption with previous reporting year

Higher

Please explain

This is an aggregation of stores and distribution centres within the Orange river basin that are exposed to risk as identified by the WRI Aqueduct Water Risk Atlas, where water stress is defined as having a risk classification of 40% or above. This is the second year of reporting these volumes.

The thresholds used to define change in water withdrawals, discharge and consumption are:

- About the same is less than a 5% change
- Higher or lower is a change between 5% and 40%
- Much higher or much lower is more than a 40% change

Total withdrawals and discharges have remained about the same as in FY22. However, as a result of slightly higher withdrawals, consumption (i.e., withdrawals minus discharges) has increased to 1ML. We anticipate that water withdrawals and discharges from municipal sources will decrease as water efficiency measures are rolled out to more stores.

Facility reference number

Facility 4

Facility name (optional)

South Africa, South Coast

Country/Area & River basin

South Africa

Other, please specify (South Africa, South Coast)

Latitude

-29.56673

Longitude

27.83471

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

26

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

26

Total water discharges at this facility (megaliters/year)

25

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

25

Total water consumption at this facility (megaliters/year)

1

Comparison of total consumption with previous reporting year

Much lower

Please explain

This is an aggregation of stores and distribution centres within the South Coast river basin that are exposed to risk as identified by the WRI Aqueduct Water Risk Atlas, where water stress is defined as having a risk classification of 40% or above. This is the second year of reporting these volumes.

The thresholds used to define change in water withdrawals, discharge and consumption are:

- About the same is less than a 5% change
- Higher or lower is a change between 5% and 40%
- Much higher or much lower is more than a 40% change

Total withdrawals have remained about the same as withdrawals in FY22. Total discharge is much higher than in FY2022 and as a result consumption (i.e., withdrawals minus discharges) has decreased by 7ML since 2022. We anticipate that water withdrawals from municipal sources will decrease as water efficiency measures are rolled out to more stores.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water withdrawals – volume by source

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water discharges – total volumes

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water discharges – volume by destination

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water discharges – volume by final treatment level

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water discharges – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

Water consumption – total volume

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

These volumes were not verified in the reporting year as part of our external verification processes

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitments beyond regulatory compliance Reference to company water-related targets Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Pick n Pay's water policy acknowledges the risk of water scarcity and water pollution on our business operations and recognises that it is crucial to mitigate the risk of water shortages in our operations and value chain. As water is a key driver within our supply chain, the policy commits to water efficiency across our operations. The water policy outlines: <ul style="list-style-type: none"> ● Our commitment to the target to reduce water usage intensity by 20% by 2025 (PnP Company-owned). ● Working with our suppliers to improve efficiency measures in high water stressed areas. ● Importance of engaging with NGOs and are working with our fresh produce suppliers to reduce water consumption. ● Pick n Pays participation in water stewardship programs to assist us in addressing the global water crisis and will use our marketing channels to raise awareness amongst customers and other relevant stakeholders ● We are committed to aligning our efforts to international standards and conventions such as the United Nations Sustainable Development Goals.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Director on board	The Board is ultimately accountable for the ethical leadership, environmental sustainability, and good corporate citizenship of the Group, and is assisted in this regard by senior management. The Board continuously monitors the Group's environmental impacts, inclusive of water-related issues. Six members of the board have experience in the climate change sector (CG report 2023). To facilitate the oversight role of the Board, the Social, Ethics and Transformation (SET) Committee and the and the Sustainability Steering Committee provide strategic guidance and recommendations in respect of the sustainable living strategy as described below. Four members on the board are on the SET Committee. In the last two years, the Board has mandated management to ensure that stores and the operational arm of the business implement measures to manage and conserve water consumption within the store's estate, by installing water-efficient fixtures, fittings, including low-flow faucets, toilets, and urinals. These fixtures help reduce water wastage and promote responsible water usage.
Board-level committee	Pick n Pay has a Social, Ethics and Transformation (SET) Committee (originally the Social and Ethics Committee) of the Board. The committee's primary role is to monitor and assess the company's activities in areas such as corporate governance, social impact, environmental sustainability (covering water-related topics), and stakeholder engagement (CG report 2023). The committee ensures that the company's ESG strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business. With the recent drought experienced by residents of Gqeberha, Pick n Pay partnered with its suppliers and local organisations to support water relief efforts. This involved donating water suppliers to affected communities, collaborating on public awareness campaigns, or providing resources and infrastructure to support water conservation projects.

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Providing employee incentives Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding strategy Reviewing innovation/R&D priorities	The Board through management oversees the process of sustainability integration across the Group, which is viewed from a multi-horizon perspective. Key water-related issues and developments are presented to the Board for review and oversight. This responsibility sits with Pick n Pay’s Executive Sustainability Steering Committee which includes the Transformation Director, the CFO, CEO, Chairman, Corporate Affairs and Strategy director, as well as the ESG Executive. Water issues are also discussed on an ad hoc basis in the board level SET committee meetings. Through these governance mechanisms, the board is well-equipped to oversee water-related matters that may impact Pick n Pay’s direct and indirect operations (CG report 2022).

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	The Pick n Pay Board has non-executive directors that are members of the Social, Ethics and Transformation (SET) Committee. Non-executive directors have sector related experience on climate change and water issues and business risk management. The Board also relies on Executive management and their relevant expertise to guide and assist the Board. The Board is also open to engaging with external experts and industry specialists in field of water on an ad-hoc basis for guidance and strategic support. The competency of the board is further evaluated against the King IV principles of governance, which are applied by Pick n Pay. Of relevance is principle 7, which is the balance of knowledge, skills, experience, and diversity for it to discharge its governance role and responsibilities objectively and effectively.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Integrating water-related issues into business strategy

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Pick n Pay’s CEO is ultimately responsible for assessing and managing water-related issues. The CEO reports water-related issues to the Social, Ethics and Transformation (SET) Committee, which is responsible for quarterly briefs to the Board on sustainability and water related issues.

At an operations level, water data is captured for all facilities on a monthly basis, to monitor the usage and improve the accuracy of the group’s data. This information is displayed in a dashboard document which is reviewed by the Group Facilities manager. If any discrepancies are detected, the information is communicated to heads of departments at Board level, depending on the issue: either the Group HR Director if related to employees or the Chief Financial Officer regarding other issues. These individuals are then responsible to report relevant issues to the CEO.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	The Group has several ESG Targets that are linked to the Ekuseni Strategic Plan. These targets aim to reduce our operation's environmental impact. Regarding water, the target is to reduce water usage per (PnP company-owned) store by 20% by 2025. This ESG target is linked to the short-term remuneration incentives such as the annual short-term bonus scheme, which aims to drive short-term performance in a measured and sustainable way.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Financial Officer (CFO)	Reduction in water consumption volumes – direct operations Improvements in water efficiency – direct operations Improvements in water efficiency – product use	The performance indicators are the measurable steps that Pick n Pay is aiming to reach the target of reducing water usage by 20% by 2025 (per PnP company-owned store). This is included in Pick n Pay's ESG strategy and incorporated into senior employee objectives and incentives. The incentives have impacted our organisation in a way that the senior employees are encouraged to perform better in the ESG area and to become more involved in our water commitments.	Incentives that are provided to board members are based on individual KPIs and linked directly to the Group's ESG objectives and targets (e.g., the 20% reduction in water usage by 2025). The short-term incentive paid to board members reflects the mid-way point between the threshold target and the portion of the target achieved at that point.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	<Not Applicable>	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Our Sustainability Steering Committee meets quarterly to assess activities and engagements that impact our policies and ensure they align with our overall strategy. Any modifications to our direct and indirect operations are considered during our planning sessions. The individuals within Pick n Pay who engage with policymakers are employees who report directly to the executive committee and/or board members. These employees possess a comprehensive understanding of Pick n Pay's climate change and water strategies and actively contribute to the development of related policies. Should any discrepancies arise between our activities and Pick n Pay's water policies or commitments, the information is communicated to department heads and, if necessary, escalated to the board level. Each inconsistency is evaluated on a case-by-case basis, and appropriate remedial actions are undertaken as needed.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	Pick n Pay formulated a strategic, three-stage plan in 2013 to enable long-term sustainable growth in the company. One of the focus areas of this plan is achieving higher levels of operational efficiency and lower costs. Responsible water usage and water efficiency were identified areas where the company could reduce costs while being prepared for periods of water scarcity, impact of load shedding on water availability, and an increase in water required for operations as Pick n Pay's footprint expands. In addition, longer term targets under Pick n Pay's new partnership agreement with WWF-SA will include 50% sourcing of produce from areas with sustainable water management by 2050, to reduce the impact of unpredictable climatic conditions on supply of fresh produce.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Pick n Pay aims to improve water usage and water efficiency in our operations to reduce costs and be prepared for periods of water scarcity. For example, Pick n Pay Clothing is a strategic priority under the company's new Ekuseni strategy. One strategy taken to improve water efficiency includes reducing and recycling water use during clothing manufacture.
Financial planning	Yes, water-related issues are integrated	5-10	Pick n Pay has approved two loans which are linked to our Environmental, Social and Governance (ESG) targets. In addition, Pick n Pay has a R2 million annual commitment to their WWF partnership, where 30% is to be spent on water related education/ management in supply chain.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

10

Anticipated forward trend for CAPEX (+/- % change)

20

Water-related OPEX (+/- % change)

-10

Anticipated forward trend for OPEX (+/- % change)

-15

Please explain

We anticipate CAPEX to increase as we continue rolling out of water metering (also to Boxer stores). We anticipate OPEX to decrease as water efficiency measures (like water metering) are rolled out to more stores.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	Pick n Pay has set a Net Zero Carbon target for the Group for 2050. This includes: a 60% reduction in carbon emissions by 2040, a 60% renewable energy use by 2040, a 100% switch the natural refrigerants by 2040, and a 20% energy intensity reduction by 2025. Pick n Pay conducted climate change scenario analyses aligned with the recommendations of the TCFD and the South African NDC, aimed at identifying and assessing the various climate change related risks and opportunities (which included water), that may have a substantive financial impact on our business model. The assessment included an analysis of the physical risks that climate change presents for Pick n Pay's direct operations where decarbonization limits temperature increases to 1.5 degrees versus increasing temperatures and physical impacts predominate. The identified risks informed Pick n Pay's ESG strategy, which includes our water policy and objectives, aimed at managing the water risks identified during the scenario analysis process.	<p>Pick n Pay uses limited amounts of water in our direct operations at stores for sanitation, cleaning, baking, and cooling. While limited quantities are used in our direct operations, stores and distribution centres would not be able to operate efficiently for an extended period without water.</p> <p>Scenario planning assisted in identifying measures to implement for facilities to operate under climate related scenarios such as droughts. The analysis identified that our supplier's would be a critical part of our value chain that would be affected by water-related issues.</p>	<p>Availability of water influences our strategic approach both operationally and financially. For example, Pick n Pay considered future store designs for potentially impacted sites. This included addition of water tanks, online water meters, reticulation systems and water filtration systems, to ensure constant water supply and operation, even if municipal water is unavailable.</p> <p>This strategy has been implemented in the planning of Pick n Pay's Eastport distribution centre in Gauteng. Rainwater is being collected on site and stored in a pond. Water will then be filtered and pumped to the refrigeration plant and facilities for domestic use. This process is estimated to save 90m litres of municipal water consumption water per year (ESG 2023). Operational cost savings are possible, as this treated water is R 6.8 per KL compared to the council supply of R 44.77 per KL. Other water-risk mitigation strategies are low water use sanitary fixtures and waterless urinals.</p> <p>To further mitigate water risk in indirect operations, we are partnering with WWF-SA to meet our sustainable development goals. 30% of the finance will be spent on water related education/management in supply chain. For example, to ensure a stable supply of products under changing climactic conditions, we aim to have:</p> <ul style="list-style-type: none"> • 50% of our suppliers working towards reducing their water use by 2030. • 50% of our supplier base having sustainable water management by 2050

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Pick n Pay does not currently use an internal price for water. Water constitutes a small portion of the business costs and operations compared to other aspects, and therefore applying an internal price on water (other than prices related to water tariffs) is not expected to provide material benefits for the company. That said, we are evaluating whether an internal price on water would be of use to the company going forward, given the area in which we operate is considered water scarce leading to significant water-related risks as a result, which could worsen in the future.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	Low water impact products are defined by Pick n Pay as products that reduce the quantity of water required during our supply chain's manufacturing of the products which Pick n Pay sells.	<Not Applicable>	Pick n Pay has sustainable manufacturing in our clothing brand where rainwater is collected, and water used is recycled to minimise water usage and to prevent pollutants from dyes downstream manufacturing. 80% of the denim in Pick n Pay stores is water wise as suppliers employ water and energy saving technology in their production.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	Pick n Pay uses limited amounts of water and we are not a water intensive company. Primarily, we use water in our direct operations at stores for sanitation, cleaning, and cooling. Pick n Pay's water discharges are therefore not considered harmful and as a result are discharged primarily to municipal sewers. As a result, we do not have a specific target in place for water pollution.
Water withdrawals	Yes	<Not Applicable>
Water, Sanitation, and Hygiene (WASH) services	No, but we plan to within the next two years	Pick n Pay's operations undergo annual food safety and occupational health and safety audits, which include sanitation and hygiene. Other water-risk mitigation strategies that have been incorporated at the Eastport distribution centre are low water use sanitary fixtures and waterless urinals. However, a specific target has not been created as this is a small aspect of the companies' water usage.
Other	Please select	<Not Applicable>

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify (Intensity = Water withdrawals per Gross Leasing Area (GLA))

Year target was set

2022

Base year

2018

Base year figure

0.85

Target year

2025

Target year figure

0.68

Reporting year figure

0.78

% of target achieved relative to base year

41.1764705882353

Target status in reporting year

Underway

Please explain

In 2022, Pick n Pay set a target to reduce our water intensity by 20% by 2025 across Pick n Pay company-owned stores in our direct operations. Progress is monitored using the metric intensity, which is calculated using the withdrawals (kl) of water per Gross Leasing Area (m2).

In the base year: Withdrawals: 1,160,648 kl/ GLA: 1,356,080 m2 = Intensity: 0.8558 kl/m2

Reporting year: Withdrawals: 1,108,223 kl/GLA: 1,410,341 m2 = Intensity: 0.7858 kl/m2.

The target year intensity is $(1-0.2) \times 0.8558 = 0.6846$ kl/m2. We have achieved $100 \times (0.7858-0.8557)/(0.6846-0.8557) = 40\%$ of the target.

The motivation for the target stemmed from Ekuseni strategy objectives on operating efficiency and cost saving. The target is also in alignment with our water policy commitment to sustainable use of water across our operations.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations Supply chain	<p>Packaging plays an important role in the protection of our products and ensures the quality, guaranteed safety, and nutritional value of the food we sell. The primary role of packaging is to protect the product and help eliminate product waste. The main types of plastics (i.e., > 5%) that we use are PET bottles, PET thermoforms, HDPE bottles and flexible PE and PP materials. Thus far, we have reduced the average packaging weight for Pick n Pay own brand products by 27.5% against our 2019 baseline.</p> <p>Pick n Pay belongs to relevant Producer Responsibility Organisations (PROs, e.g., PETCO) and we submit our data quarterly for review. We support and adhere to the Extended Producer Responsibility (EPR) for packaging regulation as a key policy instrument to address the increasing volumes of plastic pollution. EPR is a policy approach that holds producers responsible for the entire lifecycle of their products, including their post-consumer waste management. PRO's ensure that producers comply with EPR regulations by submitting a payment to the Department of Environmental Affairs based on the amount and weight of packaging put into the market by Pick n Pay.</p>

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Direct operations Supply chain	<p>Pick n Pay is a founding member of the SA Plastics Pact, which is spearheaded by WWF-SA and SAPRO (South African Plastics Recycling Organisation). We are also signatory to the Ellen MacArthur 'New Plastics Economy initiative', under which, there is a three-year initiative to build a working plastics system. It applies the principles of the circular economy and brings together key stakeholders to redesign the future of plastics, starting with packaging. We submit the amount of plastic (per plastic type) that Pick n Pay contributes to the South African market on an annual basis. This is a voluntary process and assists in Pick n Pay 's contribution towards a circular economy.</p> <p>In our internal operations, we have developed a packaging database that includes the total weight of each packaging component per product type. The information includes the material type, format, recycled content, which enables us to monitor the total weight of packaging placed on the market. Furthermore, we will begin using a packaging specialist to assist with product packaging analysis for each department. This will include reviewing each category of plastic, analysing findings and providing recommendations.</p> <p>Utilising these tools and adhering to regulation bodies like PETCO, Pick n Pay can monitor and manage the environmental and human health impacts of the plastics we use in operations. We acknowledge that there is reputational risk associated with the use of harmful/non-recyclable plastics and Pick n Pay has responded accordingly. For example, over the past five years, more than 10 000 tonnes of plastic have been removed from the environment to make Pick n Pay's 100% recyclable blue plastic shopping bags. Over 11 million plastic bottles have been recycled to manufacture our re-usable shopping bags since 2018 and we have removed all plastic barrier bags from our till points. This will prevent over 20 million of these bags (which are difficult to recycle) from ending up in the environment.</p>

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Direct operations Supply chain Product use phase	Regulatory Reputational	<p>Pick n Pay identifies a reputational and regulatory risk associated with the use of harmful or non-recyclable plastics. Regarding reputational risk, consumers are increasingly aware of the excessive consumption of natural resources and deterioration of the environment, and this awareness has made them more selective in the products that they buy. Increasing consumer activism related to the environmental footprint of the products could lead to brand or product boycotts, thereby impacting Pick n Pay's revenue and reputation.</p> <p>Regarding regulatory risk, Pick n Pay could be subjected to a plastic related penalty if they do not adhere to plastic production regulations. For example, under plastic bag regulations in South Africa, plastic carrier bags and plastic flat bags must be made from a minimum of 50% post-consumer recycle from 1 January 2023, 75% of recycled materials from the start of 2025 and must comprise 100% post-consumer recycle from 1 January 2027. In terms of the amendment, any person who contravenes the regulations could face a fine up to R5 million.</p> <p>In response to plastic regulations, we have relaunched the 'Live Green' brand, which is our updated range of eco-friendly products. All products are biodegradable and made from naturally derived active ingredients. The packaging is made from 95% recycled material and can be recycled.</p>

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging	<p>Reduce the total weight of plastic packaging used and/or produced</p> <p>Increase the proportion of plastic packaging that is recyclable in practice and at scale</p>	<p>Pick n Pay is a founding member of the South African Plastic Pact and is a signatory to the Ellen MacArthur New Plastics Economy Global Commitment. Pick n Pay packaging policy objective is to reduce and mitigate the environmental and social impact of the packaging that we use, while simultaneously ensuring that our ability to deliver quality products to customers is not compromised.</p> <p>Pick n Pay is committed to the following targets:</p> <ul style="list-style-type: none"> • To have an average of 30% recycled content in our packaging • To have packaging weight reduced by 30% from our 2018 baseline • To increase reusable bag sales by 30% • To have 100% of our packaging being reusable or recyclable • To have 100% of paper and cardboard packaging being responsibly sourced <p>To ensure that 100% of our packaging features the on-pack recycling logo by 2023</p>

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	No	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	Yes	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin fossil-based content	% virgin renewable content	% post-industrial recycled content	% post-consumer recycled content	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	4086.35	% post-consumer recycled content	<Not Applicable>	<Not Applicable>	<Not Applicable>	31	This value represents the percentage of primary packaging that Pick n Pay used in FY23. The percentage post-consumer recycled content was calculated as the weighted average of all primary packaging used. We have developed a packaging database that includes the total weight of each packaging component (primary, secondary and tertiary) per SKU (stock keeping unit). The information includes the material type, format, recycled content and other relevant packaging data. With this database, we are able to assess the total tonnes of packaging placed on the South African market.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is reusable	% of plastic packaging that is technically recyclable	% of plastic packaging that is recyclable in practice at scale	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	% technically recyclable	<Not Applicable>	91.8	<Not Applicable>	Recyclability is a key requirement for the development of new product packaging at Pick n Pay and, in order to achieve this commitment, all of our internal departments have set time-bound short-term targets to reach the goal of 100% reusability and/or recyclability by 2025. So far, 91.8% of packaging is recyclable and reusable. This was calculated as the weighted average of all packaging used. Pick n Pay has contributed to towards a circular economy by producing reusable bags made of rPET bottles. Each green People n Planet reusable bag is manufactured from approximately two green PET bottles.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Director of Transformation	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms