Our sustainability vision

A philosophy based on economic empowerment, social enterprise and environmental integrity as the currency of success. This report outlines work we have undertaken in 2007/2008 to live up to this goal.

Listening and responding to our stakeholders
Ensuring food safety and high levels of service
Promoting sustainability awareness and innovation
Providing good working conditions, staff training and career development opportunities
Promoting transformation and entrepreneurship
Managing our carbon footprint
Minimising our waste
Developing product-related sustainability initiatives
Developing new partnerships
Providing healthier foods

Our report this year focuses on recent initiatives and key areas going forward.
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<td>32</td>
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</tbody>
</table>

*Pick n Pay Holdings Ltd, Pick n Pay Stores Ltd and Pick n Pay Retailers Ltd*
It is a pleasure to share my reflections on the progress we have made and provide an outlook on the future as we strive towards achieving our five-year sustainability vision developed in 2007. This year we have refined our approach around the idea of four pillars, focusing on four priority areas: economic sustainability, transformation, social development, and environmental responsibility.

In line with increasing concern around environmental issues, locally and internationally, particularly on climate change, a key focus has been on further improving environmental performance. As a business that depends on the agricultural sector, we recognise the significant challenges climate change poses to our operations.

In response to the national energy crisis, we launched a campaign to help conserve electricity in South Africa. This includes a commitment to reduce our own electricity costs.
usage by 20% by 2012, compared to 2007, and various initiatives to encourage our customers and staff to save electricity.

We are pleased with our steps towards improved waste management practices, and are encouraged by the increasing demand from our customers for organic products, the turnover of which has increased enormously this year.

Building on our existing successful partnerships relating to organic produce and sustainable fishing, we are investigating new opportunities for strategic alliances to meet our sustainability objectives.

Aside from the environment, we continue to maintain our long history of active engagement in our communities, protecting the interests of our customers and striving to provide our staff with opportunities to develop and realise their potential in a climate of trust, motivating work and

pay. Promoting transformation remains at the heart of our approach to sustainable development.

Engaging with our stakeholders has helped to identify the key issues we need to report on and respond to, and to assess levels of awareness and interest in sustainability. In the context of rising global food and fuel prices, we are striving to keep our prices down.

Looking ahead, our General Manager, Tessa Chamberlain will continue to head up and drive our sustainability strategy and oversee the implementation, measuring and monitoring of our activities. Pick n Pay strives to be at the forefront of the retail sector’s efforts to make a positive contribution to South Africa, leading by example. We believe that, through our vast network of stakeholders, small steps can lead to great things.

I encourage you to share your thoughts on our performance, to assist us in being more effective.

Nick Badminton, Chief Executive Officer

“Pick n Pay can play a huge role in supplying environmentally responsible goods, driving social and environmental responsibility, ensuring sustainability, education and empowering people to make a difference, and leading the way in creating a society which makes a far lesser impact than we currently do.”

STAKEHOLDER: NGO
1.1 The following is a summary of our progress this year. More detail can be found in later sections.

**Our stated commitments**

1. **Broad-based black economic empowerment:** we will continue with our efforts to ensure that we go beyond the requirements of the Codes of Good Practice on Broad-based Black Economic Empowerment (the Codes), building in particular on our recent work in enterprise development.

2. **Reduced carbon footprint:** we aim to monitor and measure the carbon footprint of our internal business activities with the aim of reducing our footprint; we will further improve energy efficiency in our operations and develop eco-store initiatives; and we will investigate the feasibility and benefits of purchasing green energy.

   **Reduced waste:** we will implement a waste minimisation plan at three of our supermarkets and two of our hypermarkets, with a view to rolling out the programme nationwide, and we will introduce a waste-oil-to-biodiesel initiative.

3. **Focused innovation initiatives:** we will undertake research with the aim of identifying initiatives to reduce the environmental footprint of our packaging, and we will investigate opportunities for greener products (including in particular organic produce) and develop design criteria for eco-effective stores.

4. **Partnerships:** we will further develop partnerships to promote more sustainable sourcing, fairer trading practices and greater awareness of sustainability issues.

5. **We will implement a sustainability communications strategy** aimed at ensuring a long-term shift in organisational culture that promotes effectiveness, partnership and awareness.

**Key achievements**

- Approximately 13% of Pick n Pay’s employees own shares or share options in the company
- Conceptualised a Retail Academy for the rapid growth and development of middle management
- Achieved most and exceeded some employment equity targets
- Partnered with the Wholesale & Retail Skills Education Training Authority (SETA) on a project to develop much required skills
- Committed R30 million for the period 2007 to 2010 to enterprise development projects that will become part of our supply chain
- Started the process of converting our Score stores to Franchise formats
- Invested R3 million in our Franchise Academy
- Expanded our Support Bakery initiative

- Launched a national campaign aimed at encouraging a reduction in electricity usage; committed to reduce our electricity usage 20% by 2012, compared to 2007
- Expanded the calculation of our carbon emissions to include all our travel impacts and the use of diesel from our generators
- Completed a benchmark of the climate response strategies within the retail sector, to assist in setting internal goals and targets
- Undertook a pilot waste minimisation study in certain stores and a detailed waste measurement study in nine stores across all regions
- Introduced monitoring and reporting on waste management in all our KwaZulu-Natal stores
- Launched an e-waste development project
- Reviewed waste-oil-to-biodiesel opportunities

- Developed and populated an internal data management tool to enable a better understanding of our packaging material and identify opportunities for improvements
- Expanded our range of organic produce by 25% and sales by 62%
- Developed a partnership framework with the aim of launching a natural farming initiative
- Sponsored an initiative to assist farmers with predator management and preservation

- Completed a partnership audit across the Company, as part of the process of seeking opportunities for successful alliances
- Consolidated our CSI partnerships; and our partnership with the Organic Freedom Project (OFP) aimed at promoting greater production of organic products, and we are now fully compliant regarding endangered fish
- Presented Al Gore’s film “An inconvenient truth” and the Company’s sustainability strategy to management, and involved staff in energy crisis initiatives
- Undertook a second independent stakeholder engagement process
CHAPTER 2

Our approach to sustainability
Our sustainability vision challenges us to increase efficiencies, and continually seek new and better ways of doing business.

Our response to the challenge of sustainability reflects an appreciation of the role that a company of our size, reach and scale can have on the economic, social and environmental future of our country. As a major player in the South African retail sector, our activities and progress is achieved through internal initiatives relating to our employees, stores and distribution activities, and through interaction with all our stakeholder groups, in particular with our customers, employees and suppliers. (Please see diagram on page 10.)

Sustainable development management is a complex process, requiring integrated systems to measure, monitor and manage our performance across a broad range of issues. Yet far from hindering our economic development, it rather helps us to identify opportunities, reduce costs and better anticipate and manage risk. We are making steady progress in our drive to transform the business, with growing involvement of our customers and partners with whom we seek to find innovative solutions.

This is our fifth annual review of the Group’s sustainable development performance and the first year we are reporting on the implementation of our sustainability strategy developed in 2007. A more summarised review is included in our annual report.

Our strategy continues to evolve in response to ongoing suggestions identified during engagement with various stakeholders. The table below identifies the four pillars of our strategy and the focus areas within each of these, as well as our commitments for the next year.
2.1 Sustainability
Our four-pillar approach

**Economic sustainability**
- Address business risks and corporate governance
- Build sustainable partnerships

**Transformation**
- Promote business transformation
- Promote supplier transformation

**Social development**
- Promote sustainable communities
- Promote employee well-being

**Environmental responsibility**
- Address climate change and reduce our carbon footprint
- Waste, packaging and recycling
- Sustainable products

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**Our commitments for 2008/09**

**Economic sustainability**
- Integrate sustainability into corporate governance and management structures
- Further develop partnerships to promote more sustainable sourcing, fairer trading practices and greater awareness and input on sustainability issues
- Ongoing stakeholder engagement
- Commitment to customer service

**Transformation**
- Proactively work towards ambitious BEE targets looking ahead to 2017
- Expand our Franchise Academy
- Launch our Retail Academy to fast-track executive management development
- Extend the model of the Support Bakery to the Western Cape
- Consolidate our investment in communities, aligning projects within each fund; focus on refining our reporting structures across all funds
- Implement and enhance staff social initiatives
- Integrate social and environmental considerations within our supply chain activities
- Commitment to promoting employee well-being
- Enhance our efforts to manage the challenge of HIV/AIDS in the workplace

**Social development**
- Commitment to promoting employee well-being
- Enhance our efforts to manage the challenge of HIV/AIDS in the workplace

**Environmental responsibility**
- Set base data on all areas of our carbon footprint and set internal goals
- Identify opportunities to reduce our carbon footprint
- Roll out the recommendations of our pilot waste minimisation study nationwide
- Introduce a waste-oil-to-biodiesel initiative nationwide
- Develop internal capacity to measure and reduce packaging impacts
- Develop natural farming and animal welfare programme
- Continue to build on our eco-store initiatives

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**Communication**
- Introduce education and awareness programmes for employees
- Implement consumer education and awareness initiatives on sustainability-related issues
Tracking our sustainable development key performance indicators (KPI) provides a benchmark to monitor and ensure in-house progress and helps us to get a sense of how we are performing compared to other retailers.

**Year on year how are we doing?**

Pick n Pay’s Sustainable Development Key Performance Indicators

<table>
<thead>
<tr>
<th>ECONOMIC AND RELATED CORE BASELINE INDICATORS</th>
<th>2008 KPI Performance</th>
<th>2007 KPI Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>R45.4 billion (15.4% increase)</td>
<td>R39.3 billion (12.1% increase)</td>
</tr>
<tr>
<td>Trading profit</td>
<td>R1 486.8 million (16.9% increase)</td>
<td>R1 271.4 million (22.2% increase)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>R1 503.5 million (18.3% increase)</td>
<td>R1 271.3 million (19.5% increase)</td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>198.8 cents (10.1% increase)</td>
<td>180.6 cents (18.0% increase)</td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>149.1 cents (11.1% increase)</td>
<td>134.3 cents (18.0% increase)</td>
</tr>
<tr>
<td>Total number of stores and distribution centres</td>
<td>Corporate stores: 541 Franchise stores: 212 Distribution centres: 6 (Please see Company annual report for breakdown of store numbers)</td>
<td>Corporate stores: 515 Franchise stores: 192 Distribution centres: 6 (Please see Company annual report for breakdown of store numbers)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEE ISSUES *</th>
<th>2008 KPI Performance</th>
<th>2007 KPI Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>36 541</td>
<td>35 063</td>
</tr>
<tr>
<td>New jobs created (direct employment only)</td>
<td>1 478</td>
<td>579</td>
</tr>
<tr>
<td>Employee turnover</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>Employment equity targets set by occupational level</td>
<td>See sub-section: Transformation - pg 21</td>
<td>See sub-section: Transformation - pg 21</td>
</tr>
<tr>
<td>Diversity and gender mix by employee grade</td>
<td>See sub-section: Transformation - pg 21</td>
<td>See sub-section: Transformation - pg 21</td>
</tr>
<tr>
<td>Work-related fatalities</td>
<td>None</td>
<td>1</td>
</tr>
<tr>
<td>Number of classified injuries</td>
<td>442 injuries requiring time off work 1 258 injuries requiring minor attention</td>
<td>1 054 injuries requiring time off work 491 injuries requiring minor attention</td>
</tr>
<tr>
<td>Investment in employee training and development</td>
<td>R40 million</td>
<td>R32 million</td>
</tr>
<tr>
<td>Number of lost workdays due to industrial action</td>
<td>0.01 man days</td>
<td>141.25 man days (0.002% of our trading days)</td>
</tr>
</tbody>
</table>
**2008 KPI Performance**

<table>
<thead>
<tr>
<th>ENVIRONMENTAL ISSUES *</th>
<th>2008 KPI Performance</th>
<th>2007 KPI Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy usage (stores, distribution centres, offices)</td>
<td>601 million kWh</td>
<td>563 million kWh (excluding offices)</td>
</tr>
<tr>
<td>Energy usage per m² per annum</td>
<td>538 kWh</td>
<td>525 kWh (excluding offices)**</td>
</tr>
<tr>
<td>Water consumption (stores, distribution centres, offices)</td>
<td>2.04 million kilolitres</td>
<td>1.7 million kilolitres</td>
</tr>
<tr>
<td>Water consumption per m² per annum</td>
<td>2 kilolitres</td>
<td>1.93 kilolitres</td>
</tr>
<tr>
<td>Waste</td>
<td>Data only available for KwaZulu-Natal stores</td>
<td>Reliable data not available</td>
</tr>
<tr>
<td>Fuel usage (commercial fleet, company vehicles and generators)</td>
<td>5 768 740 litres (diesel)</td>
<td>5 480 396 litres (diesel)***</td>
</tr>
<tr>
<td></td>
<td>3 198 121 litres (petrol)</td>
<td>Reliable data not available</td>
</tr>
<tr>
<td>Carbon footprint***</td>
<td>744 462 CO₂ equivalent metric tonnes</td>
<td>565 606 CO₂ equivalent metric tonnes***</td>
</tr>
</tbody>
</table>

**CORPORATE SOCIAL INVESTMENT**

| CSI total spend | R60 million – 6.4% of post-tax profit | R46 million – 7% of post-tax profit |

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* These performance indicators relate only to the operations of Pick n Pay Holdings Limited, Pick n Pay Stores Ltd and Pick n Pay Retailers (Pty) Limited, our main operating company.

** Figure revised to reflect more accurate data.

*** 2007 figures were calculated on the basis of fuel (diesel only) usage for our commercial fleet (product distribution and home shopping fleets) and on electricity usage in our stores. The 2008 calculation also included data on the carbon footprint associated with business air-travel and our corporate fleet (company cars), and the use of diesel from our generators. Emissions from fuel usage were calculated using the World Business Council for Sustainable Development (WBCSD) greenhouse gas emissions reporting protocol. Emissions from electricity usage in 2008 are calculated using the Eskom conversion factor of 1.2 tonnes of CO₂ per MWh of Eskom electricity.
2.3 Chain of responsibilities from supplier to customer

Understanding sustainability at Pick n Pay

**TRANSPORT**
- Using low sulphur diesel
- Using ozone-friendly lubricants and refrigerants
- Optimising fleet logistics
- Fitting best practice devices for noise reduction
- Monitoring carbon emissions
- Investigating the use of biodiesel

**PRODUCTS**
- Providing clear labelling on food products
- Reducing product packaging
- Promoting a bio/natural farming programme
- Supporting WWF’s sustainable seafood initiative
- Promoting organic produce
- Promoting our green product range and exploring an eco-range

**SUPPLIERS**
- Auditing food safety
- Promoting BEE initiatives
- Promoting responsible livestock practices
- Encouraging organic and bio/natural agriculture
Communities

- Significant investment in local community (6.4% of post-tax profit)
- Ongoing support for community organisations
- Active engagement in National Water Week, National Arbor Week and Cleanup Week

Store Management

- Implementing energy reduction and efficiency measures
- Implementing waste minimisation plans
- Promoting the use of alternative shopping bags
- Recycling programme for energy-efficient light-bulbs and batteries
- Developing green guidelines for new stores

Employees

- Initiating sustainability awareness programme
- Providing training and career development opportunities
- Providing good working conditions, including nutritional meals, share-ownership scheme and other benefits
- Implemented HIV-AIDS initiative

Customers

- Providing information to make informed choices
- Inspiring customers to be involved in sustainability initiatives
CHAPTER 3
Economic sustainability
3.1 Sharing value among stakeholders

Through our emphasis on consumer sovereignty, we are able to grow and, in turn, make an important positive contribution to the local economy through our core activities. We invest in the economy through a commitment to grow our brand, provide employment, support our suppliers, pay taxes and promote the upliftment of communities through the supply of affordable quality goods, reinforced by our social activities. From a quantitative financial perspective, a measure of the benefits associated with our activities include the levels of payment to employees and suppliers, and the distribution of value added (the difference between revenues and expenses) to our employees, providers of capital and to the public sector. (See value added statement below)

Looking ahead, we will be opening new stores, investing in new markets, converting Score stores and developing a clear format strategy for continued growth, to ensure our increasing investment in South Africa’s economy.

Underpinning our reputation as a trusted employer and a responsible member of the community are longstanding structures in place to ensure that the highest ethical standards of corporate governance are maintained. A detailed review of our corporate governance can be found on our website.

3.2 What do our stakeholders think about our social and environmental performance?

Engaging with our stakeholders provides valuable insight into stakeholder perceptions and expectations regarding our performance, and gives guidance on the issues they would like us to report on.

Towards the end of 2007 we commissioned a second independent stakeholder engagement process as a follow up to the process undertaken in 2006. The aim was to identify and respond to the interests and concerns of priority stakeholders, and to assess levels of awareness and interest in sustainability.

We engaged with: financial analysts; business and environmental media; customers; government departments and parastatals; and business, non-governmental and other associations. An online customer questionnaire was distributed as part of the Company’s Part of Your Life newsletter with subsequent e-mails sent to a segment of customers on Pick n Pay’s Home Shopping database. Questionnaires were e-mailed to other stakeholder groups, and in most instances these were followed up with individual interviews.

We have interspersed quotes received during this stakeholder engagement process throughout this report.

<table>
<thead>
<tr>
<th>Value added statement</th>
<th>FEB 2008</th>
<th></th>
<th>FEB 2007</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM</td>
<td>%</td>
<td>RM</td>
<td>%</td>
</tr>
<tr>
<td>Turnover</td>
<td>45 380.7</td>
<td></td>
<td>39 337.1</td>
<td></td>
</tr>
<tr>
<td>Amounts paid for merchandise and expenses</td>
<td>(38 943.3)</td>
<td></td>
<td>(33 913.2)</td>
<td></td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>48.9</td>
<td></td>
<td>41.6</td>
<td></td>
</tr>
<tr>
<td>Share of associate’s profit</td>
<td></td>
<td></td>
<td>26.1</td>
<td></td>
</tr>
<tr>
<td>Value added</td>
<td>6 486.3</td>
<td>14.3</td>
<td>100.0</td>
<td>5 491.6</td>
</tr>
<tr>
<td>Utilised</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee salaries, wages and other benefits</td>
<td>4 364.5</td>
<td>67.3</td>
<td>3 810.6</td>
<td>69.4</td>
</tr>
<tr>
<td>Investors: Dividends and interest paid</td>
<td>694.1</td>
<td>10.7</td>
<td>573.1</td>
<td>10.4</td>
</tr>
<tr>
<td>Taxation</td>
<td>557.6</td>
<td>8.6</td>
<td>529.7</td>
<td>9.6</td>
</tr>
<tr>
<td>Retained for – Replacement of assets</td>
<td>548.2</td>
<td>8.4</td>
<td>426.4</td>
<td>7.8</td>
</tr>
<tr>
<td>– Growth</td>
<td>321.9</td>
<td>5.0</td>
<td>151.8</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>6 486.3</td>
<td>100.0</td>
<td>5 491.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The following table summarises the main issues identified by each stakeholder group.

<table>
<thead>
<tr>
<th><strong>FINANCIAL ANALYSTS AND BUSINESS AND ENVIRONMENTAL MEDIA suggest we should</strong></th>
<th><strong>BUSINESS, NGOS AND OTHER ASSOCIATIONS suggest we should</strong></th>
<th><strong>GOVERNMENT AND PARASTATALS suggest we should</strong></th>
<th><strong>CUSTOMERS are interested in</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote employee participation in a Black Economic Empowerment equity process</td>
<td>Lead by example, demonstrate commitment to sustainable development (reduce packaging, organic products etc.)</td>
<td>Lead by example, providing safe, quality goods at more affordable prices to a more widespread customer base</td>
<td>How we manage corporate governance</td>
</tr>
<tr>
<td>Identify and implement energy security strategies</td>
<td>Improve education and communication on sustainable development</td>
<td>Reduce packaging and provide recycling facilities</td>
<td>Climate change</td>
</tr>
<tr>
<td>Manage corporate governance issues</td>
<td>Promote responsible behaviour, especially on environmental issues</td>
<td>Manage energy requirements and energy in order to reduce carbon footprint</td>
<td>How we implement energy efficiency strategies</td>
</tr>
<tr>
<td>Demonstrate greater commitment to environmental issues</td>
<td>Focus on risk awareness around consumer satisfaction</td>
<td>Collaborate with government on climate change initiatives</td>
<td>A greater commitment to environmental issues</td>
</tr>
<tr>
<td>Manage carbon dioxide emissions and respond to potential carbon tax</td>
<td>Undertake proactive efforts to address climate change, internally and in collaboration with government</td>
<td>Reduce food related risks and increase levels of compliance with food regulatory frameworks</td>
<td>The provision of in-store recycling facilities and education around recycling</td>
</tr>
<tr>
<td>Reduce packaging and promote recycling – internally and externally</td>
<td>Address poverty alleviation and price affordability</td>
<td>Support organic food production</td>
<td>Reduced packaging and greater recycling</td>
</tr>
<tr>
<td>Provide more informative product labelling, including product origins</td>
<td>Increase organic product offering</td>
<td>Provide more informative product labelling</td>
<td>A greater focus on food safety, customer service and respect for employees</td>
</tr>
<tr>
<td>Improve customer education and communication on sustainable development</td>
<td></td>
<td>Improve efforts to educate and communicate with stakeholders on environmental issues</td>
<td>An increased organic product range</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Poverty alleviation</td>
</tr>
</tbody>
</table>

A review of our performance on most of these issues is provided in this report. Issues that are material to our business and which may not have been dealt with will be addressed in the year ahead.
3.3 How do we enhance our business partnerships?

Developing our partnerships is a cornerstone of our approach to sustainability and has long been our preferred way of doing business. This year we completed a partnership audit across the company, as part of the process of seeking opportunities for successful sustainability partnerships at store and corporate level. This entailed (i) identifying the current range of contractors, organisations and associations engaged with our Stores and Corporate in relevant areas (ii) a desktop benchmarking survey of international retail NGO partnerships, and (iii) reviewing the spectrum of ethical labelling and other initiatives operative in South Africa.

We are acting on the recommendations from this study.

“Developing partnerships to promote sustainable retailing is an area within the sustainability fraternity that has become more prominent and it is encouraging to see this as a cornerstone to Pick n Pay’s sustainability vision.” STAKEHOLDER: BUSINESS
Consolidating partnerships

Consolidating our partnership with the Organic Freedom Project

This year we have consolidated our partnership with the Organic Freedom Project (OFP), an enterprise development initiative aimed at growing and processing organic products, promoting employment within disadvantaged communities, and meeting growing consumer demand through local – rather than imported – produce. The OFP members contribute significantly to our supply of local organic produce.

Southern African Sustainable Seafood Initiative (SASSI)

We have a long-standing engagement with WWF’s Southern African Sustainable Seafood Initiative (SASSI) that seeks to reduce pressure on vulnerable marine resources by increasing the voluntary compliance of seafood retailers and decreasing market pressure through greater awareness.

3.4 What are we doing to meet customer expectations?

“The key to Pick n Pay’s sustainable development performance lies in how knowledgeable the customer is.”

STAKEHOLDER: FINANCIAL ANALYST

Key issues of interest to our customers

As identified during our stakeholder engagement activities:

- Ensuring sound management of food safety and consumer health
- Promoting healthy living
- Supporting the local economy and promoting job creation

What are some of our key sustainability partnerships?

Industry Associations
- Waste Management (Plastics Federation, PET Recycling Company – PETCO)
- Training (Wholesale & Retail Sector Education & Training Authority)

Consulting and contracting
- Sustainability strategy and communications (Incite Sustainability)
- Waste Management and composting (Vikela / Marsh Environmental Services, Don’t Waste, Remade)

Corporate Social Investment
- Corporate Social Investment initiatives (Food and Trees for Africa, Charities Aid Foundation)
- Enterprise Development (numerous projects, including: Support Bakery, The Bethlehem Farmers Trust, Winterveldt United Farmers Association; KM Cosmetics)

Product-oriented
- Ethical labelling or support initiatives (Marine Stewardship Council, Southern African Sustainable Seafood Initiative, Landmark Foundation)
- Organics (Organic Freedom Project)

Key partnerships in the pipeline include projects to convert biodiesel from waste oil, and a natural farming methods initiative.
A pillar of our sustainability efforts is addressing the needs and meeting the expectations of our customers. Our customers have become more purchase-aware and have made their views known to us both in our day-to-day interaction and through a number of focus groups we held this year. As we implement our sustainability vision, we will strive to lead by example, using our influence at grassroots level to inspire action from the community, especially on environmental issues. A key example of this is our current campaign to encourage customers to save electricity.

**Providing customer service and satisfaction**

Our objectives are simple, yet require dedicated effort by our staff teams:

- Get the right product to our customers at the best price
- Ensure customer satisfaction at all times
- Provide high levels of service and sufficient channels of communication with our customers
- Ensure sound management of food safety (from product design and production to transportation and sale in store; also includes issues such as genetically modified organisms, pesticides and food labelling).
- Promote healthier eating and living
- Provide labelling that enables informed purchasing decisions
Organics is our fastest growing food sector and we have invested extensively to ensure that products will increasingly be sourced locally.

Demand for our organic products has increased at a tremendous rate, testimony to the escalating level of awareness among our customers around the health and environmental benefits associated with organic products. This year we expanded our product range 25%, with 400 organic product lines now on offer. We also launched an organic labelling system:

**ORGANIC LOGOS**

It takes time to convert from conventional farming to organic farming – from one year to three years depending on what was grown, housed or reared previously and the condition of the soil. The first year in conversion products may not be sold as organic. To ensure a sustainable process and assist farmers in converting to organic Pick n Pay has developed a three-tiered labelling system.

All Pick n Pay branded organic products are certified by independent organic certification companies and their logo will appear on the products. Currently there is no legislation governing organic production and marketing within South Africa. Organic certification companies within South Africa will certify according to South Africa’s current draft organic standards or to the standards of importing countries like the European Union, the United States or Japan.

“Creating consumer awareness around sustainability issues, where products come from, the importance to eat local foods and support domestic suppliers as well as introducing an innovative re-cycling campaign in stores are two big areas that should be a focus for Pick n Pay on the sustainable development front.”
Helping customers and employees live a healthier lifestyle

Our customers are increasingly conscious of food safety and the nutritional value of the products they buy. Following are some of our initiatives to influence and promote a healthier way of living:

• **A registered dietician** is available through our toll free Health Hotline to answer queries and offer advice

• **Various printed material** including leaflets, newsletters, and magazines relating to dietary and health issues

• **Foods with various health benefits**, including speciality lines suitable for gluten and wheat-free diets or for those who are conscious of their heart or weight, or with diabetes.

• Increasing our supply of **organic produce** to meet escalating demand

• Developing a **healthy eating range** and a **children’s range** to provide for specific nutritional needs (e.g. reduced fat and salt content)

• **A shopping tour service** at select Hypers and supermarkets; dieticians provide guidance on how to plan and shop for special dietary needs
CHAPTER 4
Transformation
4 Implementing the BEE Charter

Promoting transformation is central to every aspect of our business, in line with the company’s 41-year philosophy of diversity in the workplace and serving the communities in which we operate and beyond. We continue to make progress towards ambitious BEE targets, looking ahead to 2017. Our efforts focus on human resource development, employment equity and skills development. We have committed R30 million for the period 2007-2010 to enterprise development projects. (Examples of these are provided in the following section.)

4.1 Our transformation targets

<table>
<thead>
<tr>
<th>EMPLOYMENT EQUITY</th>
<th>PICK N PAY VERIFIED LEVEL</th>
<th>TARGET 2009</th>
<th>TARGET 2010</th>
<th>TARGET 2012</th>
<th>TARGET 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black disabled employees (M/F)</td>
<td>0.20%</td>
<td>0.50%</td>
<td>0.75%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Black senior management (M/F)</td>
<td>43%</td>
<td>45%</td>
<td>50%</td>
<td>58%</td>
<td>63%</td>
</tr>
<tr>
<td>Black middle management (M/F)</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>63%</td>
</tr>
<tr>
<td>Black junior management (M/F)</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>Exceeded</td>
<td>68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SKILLS DEVELOPMENT</th>
<th>PICK N PAY VERIFIED LEVEL</th>
<th>TARGET 2009</th>
<th>TARGET 2010</th>
<th>TARGET 2012</th>
<th>TARGET 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black employees (M/F)</td>
<td>2.03%</td>
<td>4%</td>
<td>4.5%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Black disabled employees (M/F)</td>
<td>0.00%</td>
<td>0.05%</td>
<td>0.10%</td>
<td>0.15%</td>
<td>0.30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PREFERENTIAL PROCUREMENT</th>
<th>PICK N PAY VERIFIED LEVEL</th>
<th>TARGET 2009</th>
<th>TARGET 2010</th>
<th>TARGET 2012</th>
<th>TARGET 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Suppliers (compliance)</td>
<td>8.20%</td>
<td>15%</td>
<td>25%</td>
<td>35%</td>
<td>50%</td>
</tr>
<tr>
<td>Qualifying Small Enterprises</td>
<td>0.02%</td>
<td>2%</td>
<td>5%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt; 50% Black owned</td>
<td>1.00%</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>&gt; 30% Black women owned</td>
<td>0.00%</td>
<td>0.5%</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENTERPRISE DEVELOPMENT</th>
<th>PICK N PAY VERIFIED LEVEL</th>
<th>TARGET 2009</th>
<th>TARGET 2010</th>
<th>TARGET 2012</th>
<th>TARGET 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual value</td>
<td>1.38%</td>
<td>3%</td>
<td>3%</td>
<td>&gt; 3%</td>
<td>&gt; 3%</td>
</tr>
</tbody>
</table>

“The route out of poverty is through education and skills development. Skills development is the cornerstone of transformation for the total economy.”

SOUTH AFRICA’S MINISTER OF FINANCE TREVOR MANUEL – BUDGET COMMENT 2008

“Our long-term aim is to ensure that our entire supplier base is BEE compliant.”

SUZANNE ACKERMAN-BERMAN, GENERAL MANAGER – TRANSFORMATION

“There is no human need that has not at some time or the other received support in terms of Pick n Pay’s broad based programme of social responsibility.”

RD ACKERMAN, CHAIRMAN
4.2 Seven pillars of the codes of good practice

The table below presents an overview of our progress this year in addressing the seven pillars of the BEE Charter, as well as an indication of our areas for improvement.

<table>
<thead>
<tr>
<th>BEE SCORECARD COMPONENT</th>
<th>WHAT HAVE WE DONE THIS YEAR AND WHAT WILL WE FOCUS ON NEXT YEAR?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 OWNERSHIP</td>
<td>Increasing participation by HDI staff in our broad-based employee share ownership scheme: currently 13% of our employees own shares or share options in the Company. Started the process of converting 85 Score stores to independent black owned Pick n Pay franchise formats over the next two years.</td>
</tr>
<tr>
<td>2 EMPLOYMENT EQUITY</td>
<td>The BEE committee oversees implementation of our employment equity (EE) strategy, in compliance with all elements of the BEE Act and codes of Good Practice. For the fourth consecutive year achieved most and exceeded some EE targets. We have set our targets on achieving 100% compliance as laid down in the codes of Good Practice, by 2017, by focusing on the following: disabled employees across all levels; Black employees in middle and senior management; female employees in middle and senior management.</td>
</tr>
<tr>
<td>3 MANAGEMENT</td>
<td>Acknowledging the opportunity and need to develop individuals for future management, we have developed a Retail Academy to identify and nurture the development of historically disadvantaged individuals (HDI): 120 trainee managers will be recruited in 2008 to participate in this intensive 2-year programme.</td>
</tr>
<tr>
<td>4 SKILLS DEVELOPMENT</td>
<td>We are committed to promoting from within the Company wherever possible, and where necessary pursue external recruitment of specialist Category Managers. We are in the process of expanding our Franchise Academy, a very successful, pivotal mechanism for developing black entrepreneurs as store owners. We actively identify, grow and develop future leaders from all levels of the business. We have partnered with the Wholesale &amp; Retail Skills Education Training Authority (SETA) on a project to develop much required skills. Offered to Pick n Pay employees and previously unemployed individuals, 275 learnerships and 3600 skills programmes in the areas of bakery, butchery and fresh foods which will be delivered over the 18 month course. We will be assisting 48 disabled individuals to acquire learnerships.</td>
</tr>
<tr>
<td>5 PREFERENTIAL PROCUREMENT</td>
<td>We continue to increase affirmative procurement across all categories by offering exempted microenterprises (EMEs) and qualifying small enterprises (QSEs) favourable terms and conditions: short payment terms to facilitate cash flow; trading terms reviewed annually (each case on merit); technological support; food safety compliance assistance; EE compliance assistance; if required, funding from BEE foundation. We will continue to increase the longer term aim of ensuring our entire supplier base is BEE compliant, and increasing our “Black owned” and “Black female owned” supplier base. Started working with our suppliers to assist them with their transformation process. We will continue to identify partners from our supplier base to jointly develop enterprise development projects.</td>
</tr>
<tr>
<td>6 ENTERPRISE DEVELOPMENT</td>
<td>Committed R30 million for the period 2007 to 2010 to enterprise development projects: we support local projects that can become sustainable suppliers of goods or services to our business, so that we increase our support for the communities around our stores. These funds and sustainable partnerships are managed by the BEE Enterprise Development Fund under the auspices of the Ackerman Pick n Pay Foundation. Invested R3 million in our Franchise Academy. Eight trainees graduated in 2008 financial year and 16 trainees are currently enrolled on the programme, due to complete the course early in 2009. Another group of trainees will be admitted in January 2009. We aim to expand the Academy over the next five years, to develop 100 new entrepreneurs.</td>
</tr>
<tr>
<td>7 SOCIO-ECONOMIC DEVELOPMENT INITIATIVES</td>
<td>Total expenditure on corporate social investment (CSI) this year was R60 million, representing 6.4% of post-tax profit. We allocated 104 bursaries (R5 000 – R10 000 each) for the development of our employees and their respective families at secondary and tertiary levels. Funded applications to our trust fund to assist children of our employees orphaned through HIV/AIDS.</td>
</tr>
</tbody>
</table>

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Social development

CHAPTER 5
Social development

Actively supporting and building local communities has always been a cornerstone of our business, inspired by Mr Raymond Ackerman’s philosophy that “doing good, is good business”. This year we committed R60 million (6.4% of post-tax profit) to our corporate social investment (CSI) initiatives. These range from major nationwide programmes and the development of long-term partnerships, to spur-of-the-moment support for local needs throughout the country.

Our CSI initiatives focus on addressing specific needs of communities immediately surrounding our stores.

Our CSI plan focuses on a portfolio of funds across the Pick n Pay Group, outlined below, with examples of projects:

**Ackerman Pick n Pay Foundation fund** focusing on training/skills development; job creation/enterprise development; and arts and culture, in communities

**Siyasizisa Trust** An initiative aimed at contributing to food security and small enterprise development among the communities in the Northern highlands of Kwazulu-Natal. Individuals are trained in vegetable gardening, poultry production, block making and candle making. Business skills, financial literacy and marketing form an essential part of the training.

**Noluthando Training Industries** Aimed at developing much required skills, the Foundation funded 96 individuals, predominantly from the impoverished communities on the Cape Flats, to participate in Basic and Advanced Welding Training Courses and receive accredited certificates.

**Pick n Pay Enterprise Development fund** focusing on commercial BEE initiatives to supply our stores

**Winterveldt citrus farmers** (Tshwane) – citrus farmers at the Winterveldt urban settlement generate their income by supplying their produce to Pick n Pay stores in the area. Our funds have helped to improve access to water, and the project is steadily expanding.

**Balemi Ba Lekoa** (Gauteng) – small scale farmers working on their own plots have formed a co-operative to farm commercially – including maize, piggery, cattle, sheep and chickens.

**Ever expanding Support Bakery initiative** Our support bakery community project continues to expand to meet increasing demand in the market place, thereby promoting greater opportunity for skills development. It now...
includes six Close Corporations employing a total of 181 employees, producing and delivering a wide variety of bakery products to be sold exclusively in our stores. Sales increased 53% this year.

**Pick n Pay fund**

**focusing on social/welfare issues; education; environment/conservation; disasters**

**Race4Change**  This recently launched online web-based www.race4change.co.za programme provides an easy way for sports events enthusiasts to raise funds for charity. Participants in Pick n Pay events can challenge their friends, family and colleagues to sponsor them in their race efforts. All proceeds are donated to charity.

**The Table of Peace & Unity**  The Tables of Peace and Unity, supported by Spekko Rice and Pick n Pay, is an annual celebration held countrywide to raise funds for children’s charities. Guests at events in each province are seated at a 250m long table for a celebratory feast and entertainment. Over the last seven years, The Gourmet Festival, in conjunction with the Table of Peace & Unity, has raised more than R3-million for charity. All the proceeds from the 2007 Tables of Unity went to The Red Cross Children’s Hospital and Copes Clinic, an Isililo initiative.

**Pick n Pay Development fund**

**focusing on sports development**

**Calypso Cricket Development**  Pick n Pay is a longstanding sponsor of the annual Calypso Cricket event, aimed at introducing large numbers of children to cricket and bringing the various communities and cultures of South Africa together. Thousands of children aged between nine and fifteen years are brought from their communities to the beach to pit their cricketing skills against one another.

**Boxer Ubuntu fund**

**focusing on health; education; social/welfare; training; sport; job creation/ enterprise development**

**Hunger Relief**  Customers of all Boxer Superstores were invited to participate in a competition to stand the chance to win free groceries for themselves and for a non profit organisation of their choice in their community, monthly, for a year. The total value of the foodstuffs donated through this initiative was R1.3 million.

**Supporting hospitals**  Boxer Superstores assisted in upgrading the paediatric wards of selected government hospitals, including Manguzi, Greytown, Umlazi, Nkandla and Mount Ayliffe. Alterations included repainting the wards, installing a jungle gym in the playground, providing bookshelves, fans and a TV.

Looking ahead we will further consolidate our investment in communities, aligning projects within each fund, and focus on refining our reporting structures across all funds. To this end, we have implemented a database system called “Kidz Database” to record CSI expenditure and project details. This will enable more effective monitoring of our combined corporate social activities.
Caring for our employees

Pick n Pay is also planning a pilot staff payroll giving programme which aims to build closer relations between our employees and their local communities, through projects selected by our employees.

We endeavour to ensure a working environment that attracts and retains quality employees by providing good, safe working conditions, satisfactory remuneration, training and development opportunities, and a range of fringe benefits. More information on our ongoing activities to ensure the well-being of our employees is available through our website.

In this section we highlight recent developments to improve our health and safety performance, and efforts to manage the challenge of HIV/AIDS in the workplace.

Managing HIV/AIDS in the workplace

- HIV&AIDS policy and prevention and support programme revised to incorporate broader social issues and illnesses. Single service provider appointed to coordinate the roll out of our HIV/AIDS training programme on a consistent, national basis.
- Training programme implemented for management, to instil greater commitment and support for (over 500) voluntary peer educators, who implement our awareness and prevention programme on an ongoing basis at stores country-wide.
- Progress towards establishing partnerships with government to facilitate employee access to anti-retrovirals from established sites. Agreements are being finalised in certain provinces. We aim to conclude an agreement with the government departments on a uniform strategy for implementation of the partnership during 2009.

Enhancing health and safety in the workplace, we have:

We have enhanced our health and safety policy and programme this year, which we believe has contributed to a significant reduction in the number of injuries requiring time off as compared with last year. We have:

- Expanded our National Occupational Health and Safety policy to incorporate guidelines for implementation and to address inconsistent levels of legal compliance.
- Enhanced the monthly auditing process of our stores, conducted by external third-party auditors, to improve effectiveness.
- Trained nearly 500 store level employees (e.g. forklift drivers and safety reps) on safety issues including fire-fighting and first aid.
Key elements of our environmental management action plan include a commitment to:

- reducing the carbon footprint of our internal activities;
- reducing the generation of wastes at our stores and offices;
- introducing innovation initiatives relating to packaging, products and store design;
- establishing new partnerships to promote more sustainable materials sourcing; and
- implementing an internal and external communication and awareness programme.

Direct environmental impacts:
Our stores, and administrative, sales and distribution activities consume resources, energy and water, and contribute to the generation of product and packaging waste.

Indirect environmental impacts:
We have the potential to make a significant positive contribution through our capacity to promote and influence greater environmental awareness and responsible practices amongst raw material and product suppliers, as well as through our interaction with customers.

Enhancing environmental management
Overall responsibility for the management of environmental performance rests with our General Manager, Sustainable Development. We have set objectives for managing direct environmental impacts throughout the Company and are in the process of setting specific targets. As part of this process, we have key performance indicators (KPIs) to enable us to monitor performance in the principal areas of: energy, water and fuel usage, waste generation, and carbon emissions. We are developing an executive scorecard which includes sustainability indicators.

**KEY ISSUE:**

**6.1 Climate change**

Climate change presents our greatest environmental challenge. On current trends, average global temperatures could rise by 2 – 3°C within the next fifty years or so, posing severe risks to natural systems and human health and well-being. These changes would be largely due to the increase in carbon dioxide (CO₂) and other greenhouse gases in our atmosphere, much of which comes from burning fossil fuels for energy and transport.

The message is clear: we must act now to reduce our contribution to climate change. Pick n Pay is committed to doing this by significantly improving the efficiency of our retail activities, focusing on energy, transport and waste.

**How are we seeking to improve our performance?**

**Energy efficiency**

In January 2008, in response to the electricity crisis in...
South Africa, we issued a public commitment to reduce our electricity usage by 20% by 2012, compared to 2007 levels. This was part of a national campaign we launched to our staff and customers aimed at encouraging a reduction in electricity usage. Thousands of our customers and staff signed up to the “power pledge” and we achieved a significant reduction in our energy consumption at our corporate buildings.

We are investigating opportunities to improve energy efficiency in our operations and fleets, including opportunities relating to renewable energy (including the possibility of purchasing green electricity). We have looked at solar options for our food distribution centres, and are currently at an advanced stage in assessing the feasibility of using wind power for our Pick n Pay head office in Port Elizabeth.

We continue to review technology and business practices, and develop design criteria for eco-effective stores, to ensure stores which have a far lower impact on the environment.

Since 2000 we have implemented a number of initiatives to develop stores and distribution centres which are more eco-friendly – for instance heat reclaim, air cooled towers, upright refrigeration, Demand Side Management lighting, water consumption monitoring.

How do we inspire our employees to become aware of their responsibilities?

We have introduced a number of initiatives within the Company to promote awareness around the need to save energy, including lower levels of light illumination, circuit management, reducing geyser temperatures, and heat reclaim. To improve sustainability thinking within the company a wide range of Pick n Pay managers and staff were invited to view Al Gore’s movie An Inconvenient Truth and discuss and understand the implications for their operational areas. Appropriate initiatives will be adopted at store level going forward.

How do we inspire our customers to become aware of their responsibilities?

In addition to our energy saving campaign initiatives (including offering energy-efficient lightbulbs at cost), we promote our reusable bags and are introducing in-store recycling bins for spent energy-efficient bulbs (which contain small amounts of hazardous substances and should be disposed of responsibly) and used batteries. We actively promote our increasing range of organic produce.

“...The demand for energy-saving lightbulbs has been enormous. Customers realise that the impact and pay-back, both financially and environmentally, is worth the upfront cost.

General Manager for Sustainable Development, Tessa Chamberlain
How are we reducing our transport impacts?

We aim to achieve a minimum of 10% reduction in the level of carbon emissions generated through our business travel, in the next five years.

We are pursuing opportunities to turn our waste oils into bio-diesel (which could be used in commercial fleets), and exploring options to change the nature and composition of the corporate fleet, encouraging the use of more fuel- and carbon-efficient vehicles.

All our distribution vehicles use low sulphur-content diesel and ozone-friendly lubrication (oils); they are serviced regularly and fitted with noise reduction devices.

Refrigeration units in our trucks comply with EU standards. They use ozone friendly gas and are fitted with noise reducers. Recyclable materials are used for the outer casings.

Vehicle emissions are regulated according to EU standards.

We monitor the carbon footprint of our transport activities, including corporate air travel, with the aim of being able to monitor and ensure improved transport efficiencies.

We seek to reduce the number of kilometres travelled to deliver goods through more effective loading procedures and more efficient use of trucks.

How much carbon do we generate?

Pick n Pay qualified for the Carbon Disclosure Leadership Index of the Carbon Disclosure Project, and was the first to report publicly on its CO₂ emissions.

Last year we provided a partial disclosure of our carbon emissions, focusing on energy usage and commercial transport. This year we expanded this to include all our travel impacts and diesel usage from our generators.

Offsetting our carbon emissions

We sponsored the planting of 3 250 trees for the Greening of Soweto Towards 2010 project, operated by Food & Trees for Africa (FTFA), to offset the anticipated carbon emissions generated over six months at our flagship hypermarket launched in Soweto in 2007.


Each store is selecting a Champion to monitor power usage and ensure that Pick n Pay reaches its goal of cutting power consumption by 20%.
## How much carbon do we generate?

<table>
<thead>
<tr>
<th>Source of operational CO₂ emissions</th>
<th>CO₂ equivalent metric tonnes 2007/08</th>
<th>CO₂ equivalent metric tonnes 2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy usage at stores, distribution centres and offices</td>
<td>721,200</td>
<td>550,614</td>
</tr>
<tr>
<td>Diesel usage from commercial fleet, company vehicles and generators</td>
<td>15,172</td>
<td>14,413</td>
</tr>
<tr>
<td>Petrol usage from commercial fleet and company vehicles</td>
<td>7,356</td>
<td>Data not available</td>
</tr>
<tr>
<td>Business air travel</td>
<td>686</td>
<td>579</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>744,414</strong></td>
<td><strong>565,606</strong></td>
</tr>
</tbody>
</table>

*This does not include store and office refrigeration and air-conditioning gases

“I am very impressed with the level of awareness that Pick n Pay has about where it is at, and where it wants to be, in terms of environmental issues. There appears to be an increasing buy in from senior management to respond to these challenges.”

STAKEHOLDER: INDEPENDENT STAKEHOLDER, ENVIRONMENTAL SERVICE PROVIDER
6.2 Waste

Waste has a huge impact on the environment, from unsightly litter to spilling landfills. As our population increases and greater amounts of waste are produced, so the challenge increases of how to treat and dispose of all this material without harming the environment. The manufacture, distribution and use of products – as well as management of the resulting waste – all result in greenhouse gas emissions. As rubbish decays in landfill sites, it produces methane, a greenhouse gas which can contribute 20 times more to global warming than carbon dioxide. Recognising the significance of waste, we have been working with specialist organisations to help us better manage our waste and implement initiatives aimed at reducing it.

What are we doing to reduce our operational waste?

- We undertook a pilot waste minimisation study at three of our stores. This entailed a detailed evaluation of the most effective options to reduce waste, based on associated costs and benefits, for Pick n Pay stores. As a result, clear recommendations are being rolled out nationwide.
- A detailed waste measurement study was completed in nine stores, covering every region, and a pilot programme is now being planned for these nine stores.
- At all of our Kwa-Zulu Natal stores a waste management programme has been implemented which includes the separation of a significant portion for recycling.
- We have measured the waste generated in all Kwa-Zulu Natal stores, including the amount recycled or reused, and the amount sent to landfill. This provides a basis for us to report on total waste produced nationwide in the near future.
- In November 2007 we launched an e-waste development project.
- Next year we will introduce a waste-oil-to-biodiesel initiative across all regions.

Our pledge

We are committed to making packaging more recyclable, reducing unnecessary packaging and researching alternative and renewable technologies for coming years.
“Pick n Pay needs to tackle energy saving. We have the cheapest electricity in the world. This cannot last and it’s going to become a much bigger component of costs.”

STAKEHOLDER: RETAIL ANALYST

<table>
<thead>
<tr>
<th>WASTE</th>
<th>KwaZulu-Natal Sample stores actual volume</th>
<th>Extrapolated national volumes*</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Waste</td>
<td>2 212 772</td>
<td>33 572 553</td>
</tr>
<tr>
<td>Glass</td>
<td>1 450</td>
<td>22 000</td>
</tr>
<tr>
<td>Cans</td>
<td>1 676</td>
<td>25 429</td>
</tr>
<tr>
<td>Paper</td>
<td>1 328 899</td>
<td>20 162 282</td>
</tr>
<tr>
<td>Plastic</td>
<td>54 534</td>
<td>827 399</td>
</tr>
<tr>
<td>Recycling (by weight)</td>
<td>1 386 559</td>
<td>N/A</td>
</tr>
<tr>
<td>Total kgs</td>
<td>3 599 331</td>
<td>54 609 662</td>
</tr>
</tbody>
</table>

* National volumes are estimates only, based on our waste data for KwaZulu-Natal stores

What are we doing to improve our packaging?

Reducing our packaging, without exposing our products to damage or reducing the freshness of food, presents a significant challenge. We have completed a packaging study on Pick n Pay branded products and developed a system to measure and analyse all our packaging material, with the aim of taking appropriate steps to reduce the impacts of our packaging. We are reviewing options to introduce new carrier bags using recycled and more environmentally friendly materials.
“Here is an opportunity for Pick n Pay to encourage farmers to re-look the way that they FARM, to encourage suppliers to re-look the way that they MANUFACTURE, and to encourage contractors to be aware of environmental issues, when SERVICING under Pick n Pay contracts.”

STAKEHOLDER: NGO