

# Gareth Ackerman

## Chairman Pick n Pay Holdings

### Director – Pick n Pay Stores



# SUSTAINABILITY IN RETAIL

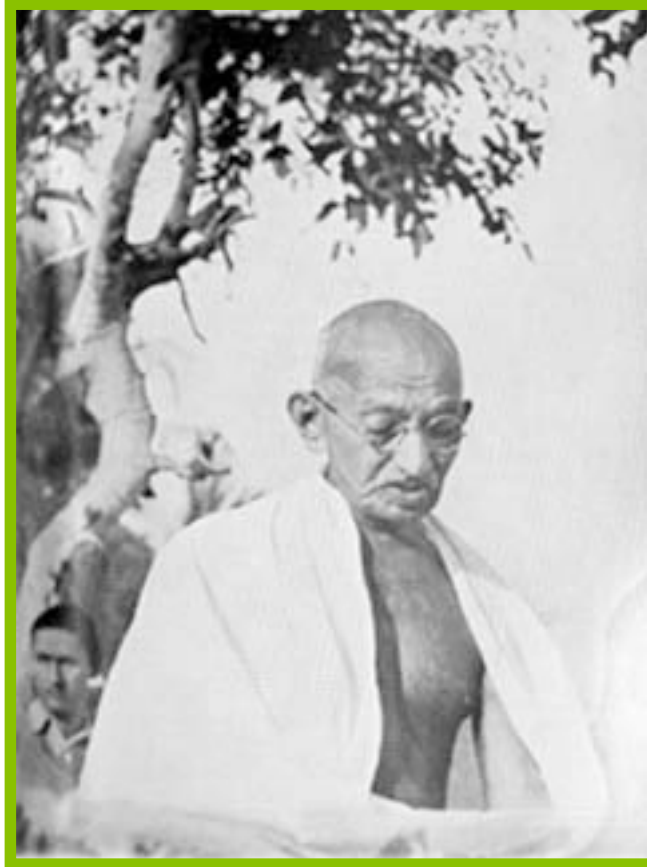
Retailing in the Green Economy: Getting Serious about Sustainability

**PICK 'N PAY | DOING GOOD IS GOOD BUSINESS**



**GARETH ACKERMAN**  
CHAIRMAN  
**PICK N PAY HOLDINGS LTD**  
SOUTH AFRICA

“You must become the change you wish to see.”



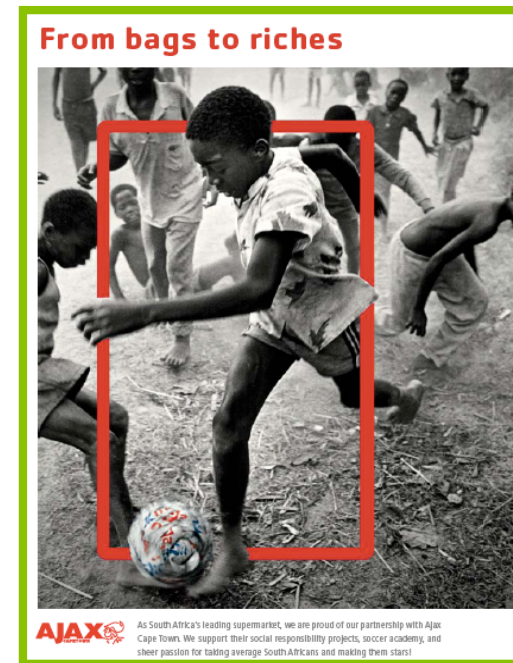
## Definition of Sustainable Development

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”



## Entrepreneurship: Philosophy

- By looking after the society, society will look after you.
  - Make a fair profit – not profit maximise
  - Have a heart
  - Build social capital
  - Build a pride in association
  - Build achievable values systems
  - Acknowledge and embrace diversity



## Entrepreneurship: Challenges with delivery

- How do you recognise the inflection points?
- How does success blind vision?
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## Why is sustainable development a global issue today?

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- Species are becoming extinct at an accelerated rate
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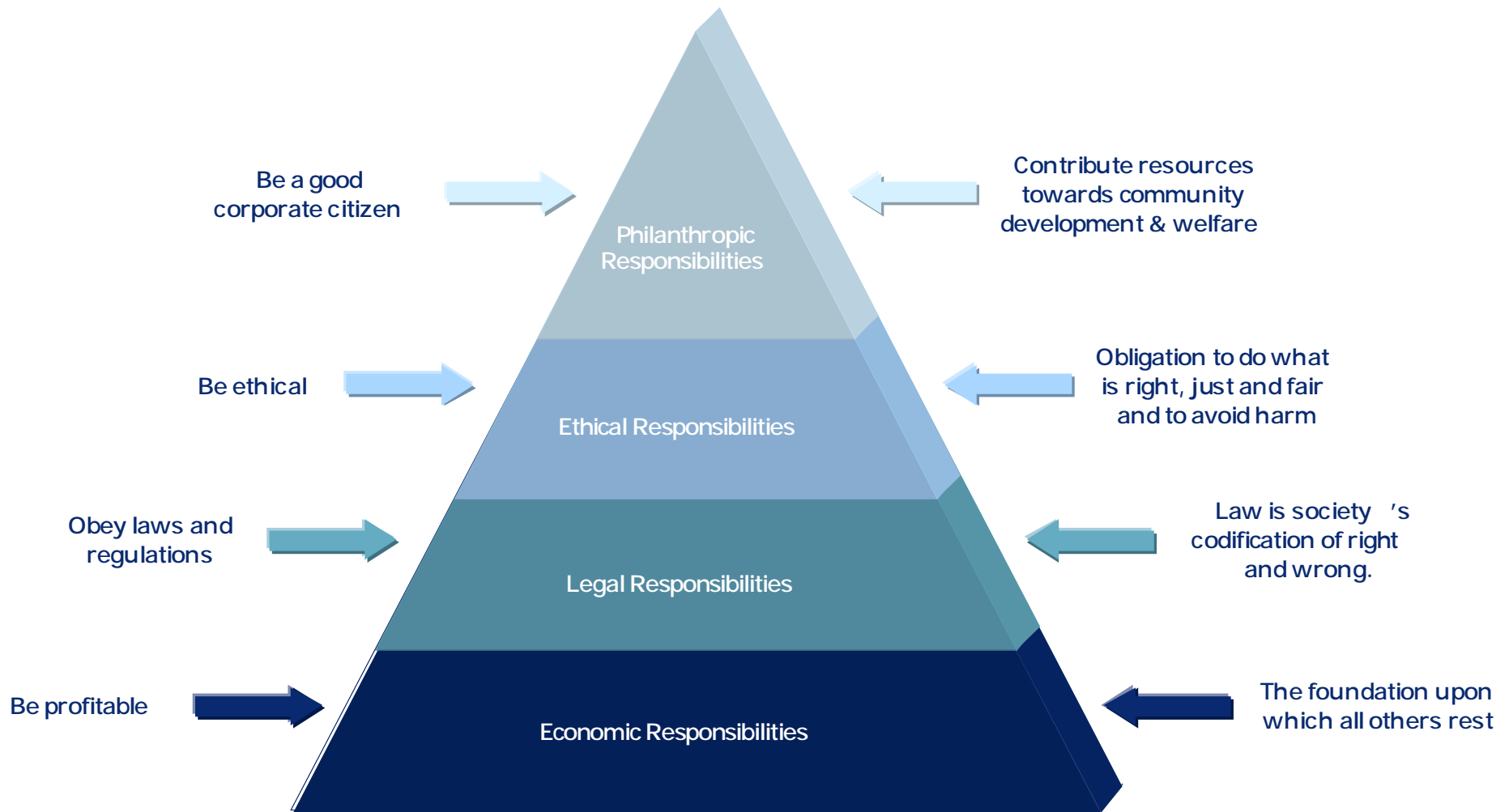
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Adapted from: Carroll, 1991

# Triple Bottom Line

Transformation



**CORE PHILOSOPHY  
4 LEGS OF A TABLE**



## Our strategy

South Africa's favourite and most admired grocery retailer

### Customers

Defend and grow leadership in LSM 8-10 heartland

Bring the best of Pick 'n Pay to LSM 4-7

### Operations

Invest to improve operating model

Continue to deliver operating efficiencies

### People

Build world class retail capabilities

### Sustainability

Create a sustainable future



Leading shareholder returns



## Kitchen Café

Our 48 seater Kitchen Cafe has an extensive menu that competes with any restaurant. Come in and recharge while you shop. Now you can sit at a stylish table, sip one of our delicious fresh coffees, have a tasty snack on the side and leave full of beans.

## Sushi Bar



Bob Chen  
Sushi Chef



In the mood for quick 'n easy sushi? Our new store has an on-site sushi bar with three specialist chefs and an open kitchen, so we make your order while you watch, ensuring the freshest, speediest sushi around.

## Kosher Store

An independant kosher store inside our Claremont Supermarket offers a wide array of products from everyday basics through to specialist imported goods, to better meet your needs.

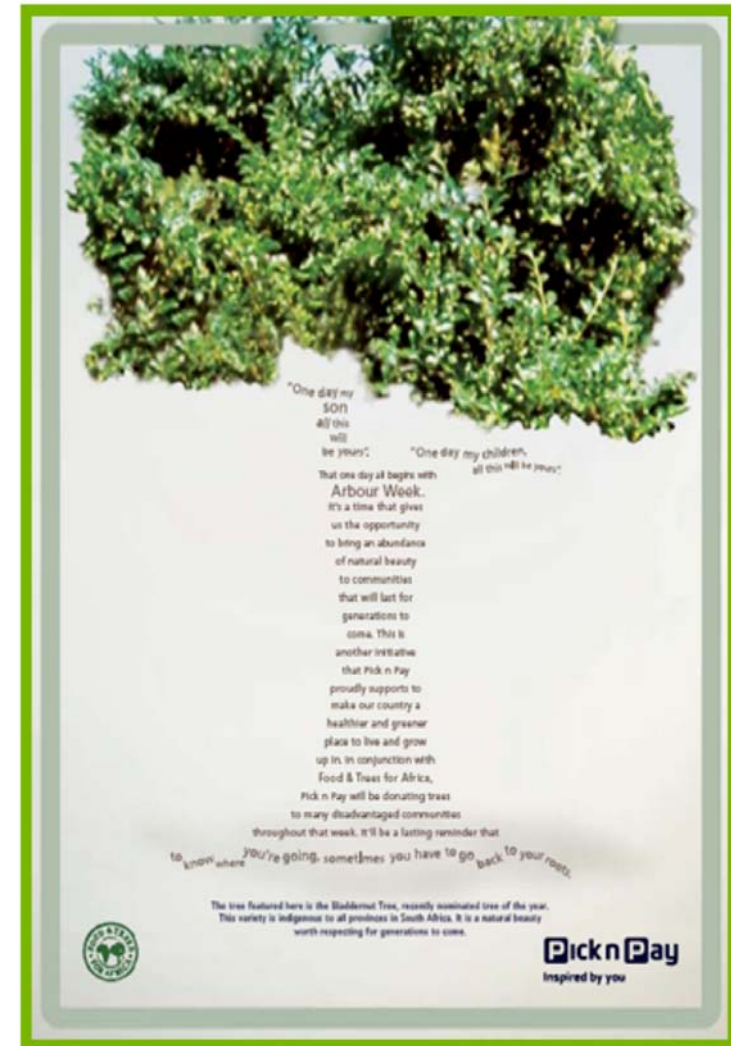


## Fresh Flowers

We have a range of flowers second to none. Stop and chat to our qualified florist as you browse and if need be, she can make up a bouquet for you.

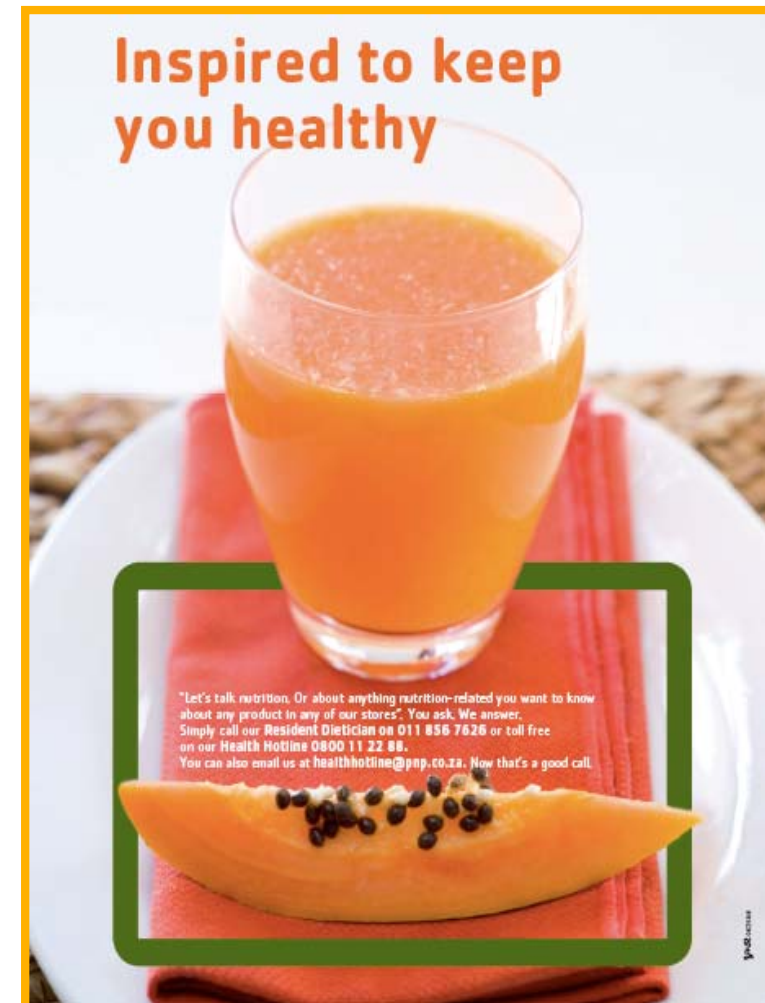
## Our strategy

- Pick 'n Pay has made a significant impact on the South African economy through employment and creating business transactions with its suppliers
- We have also been a good corporate citizen through the role we have played in society from a social and environmental point of view
- We are committed to play a leadership role in addressing the issues around global warming and climate change to ensure a sustainable business, society, country and world for the generations of the future
- Our Sustainable Development strategy addresses key global issues through an alignment of our business practices to meet the challenges effectively



## Business Drivers

- Risk management
- Investor rating – SRI funds, CDP
- Reputation and brand
- Compliance with Corporate Governance
- Value creation
- Regulatory and legal developments
- Competitive advantage
- Cost efficiencies
- Tangible measurement of involvement with environmental and social issues (ROI)
- Public pressure
- Industry and professional ownership
- Measurement of results and setting of goals for the future
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# Sustainability - priorities

## Economic growth

- Sustainable company profits
- Sound corporate governance
- Stakeholder engagement and partnerships

## Transformation of stakeholders

- Employment equity
- Employee ownership schemes
- Transformation of suppliers
- Affirmative procurement policies

## Social development

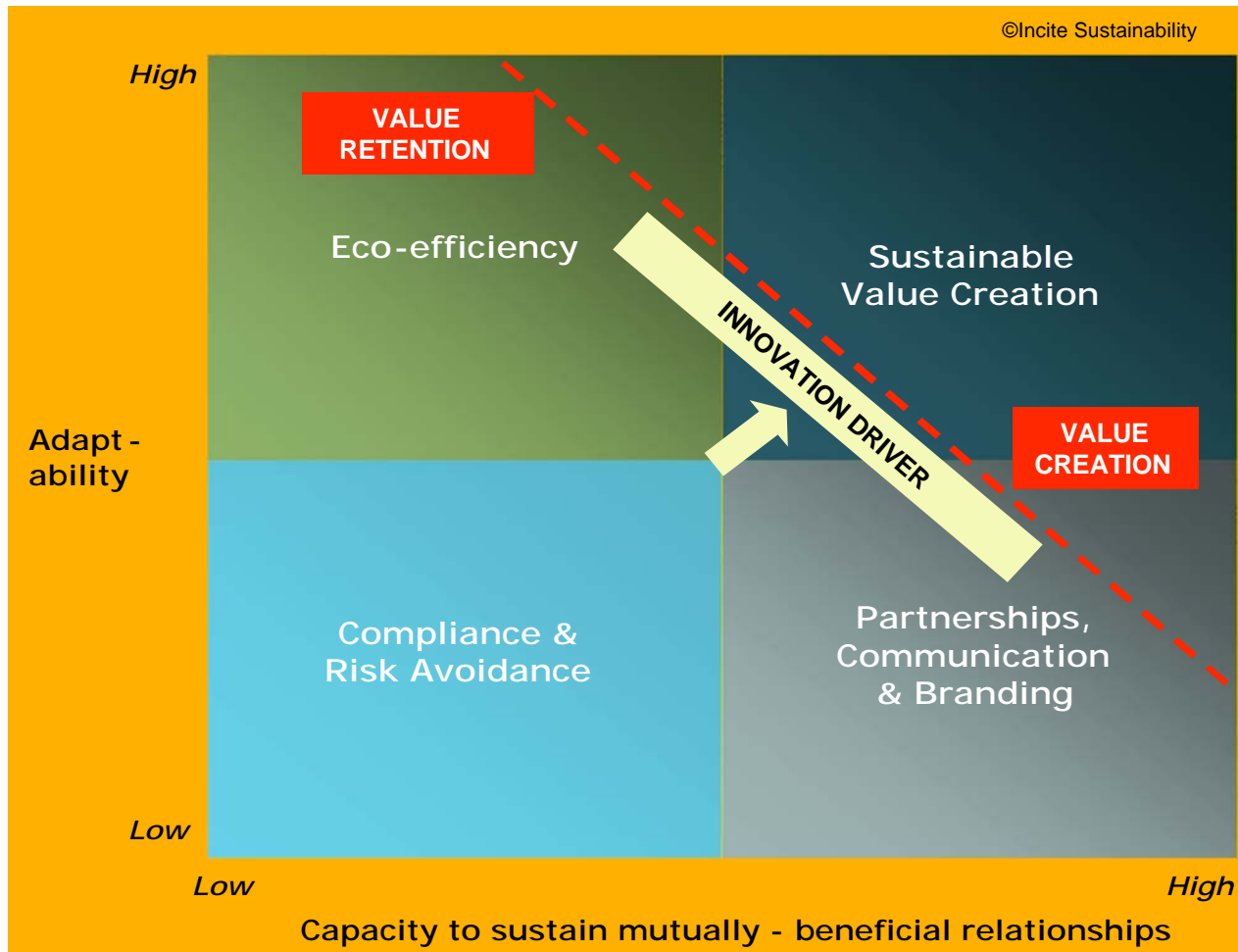
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## Sustainable environment

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Brand & Communication

# Sustainability Strategy Quadrant



Are we continually motivated to find better, more innovative, way of doing things?  
 How do we respond to turbulence?

What is our stakeholder spectrum?  
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## Sustainable Development Mission

Building the future now through changing our ways for the benefit of generations to come.

### Overall Objective

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To implement a process to integrate it into our business practices.

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The CFL (compact fluorescent lamp) uses 80% less energy than a normal light bulb and lasts up to six times longer. Electricity bills can also be cut by up to 9% when you switch over. So buy these light bulbs at our discounted prices and save in more ways than one.

## Cornerstone of our vision

- Reduced carbon emissions
- Less waste
- Strategic and influential partnerships
- Innovation



The advertisement features a central image of a young child in a bathtub, completely covered in white foam. The child has a joyful, wide-eyed expression. A blue square frame is superimposed over the child's face. In the top right corner, the Pick n Pay logo is displayed with the tagline "Inspired by you". Below the logo, there is a block of text: "At Pick n Pay we're always on the lookout for new and exclusive ideas at prices you can afford. Whether it's our extensive range of Active Nutrition supplements, home appliances, sensuous Body Basics lotions, highly effective sunscreens or even our children's hand soaps and bubble-baths that produce twice as much foam as any other. After all, what's the point of shopping if there's nothing new on the shelf." In the bottom right corner, four product bottles are shown: a blue bottle of Body Basics lotion, a green jar of Active Nutrition supplement, a blue bottle of hand soap, and a blue bottle of Sun Sure sunscreen. At the bottom left, the text "Inspired to innovate" is written in blue. At the bottom right, there is a small disclaimer: "Certain products at selected outlets only" and the website "www.picknpay.co.za".

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# GROUP PHILANTHROPY



## GROUP COMPANIES

Social Responsibility  
Triple Bottom Line  
Empowerment  
Sustainability  
Community  
Development



Skills development  
Entrepreneurship  
Sustainability

Entrepreneurship  
Welfare  
Education  
Environment  
Arts and culture  
Sustainability

Sustainable supply  
and surplus creation



## New approach to advertising

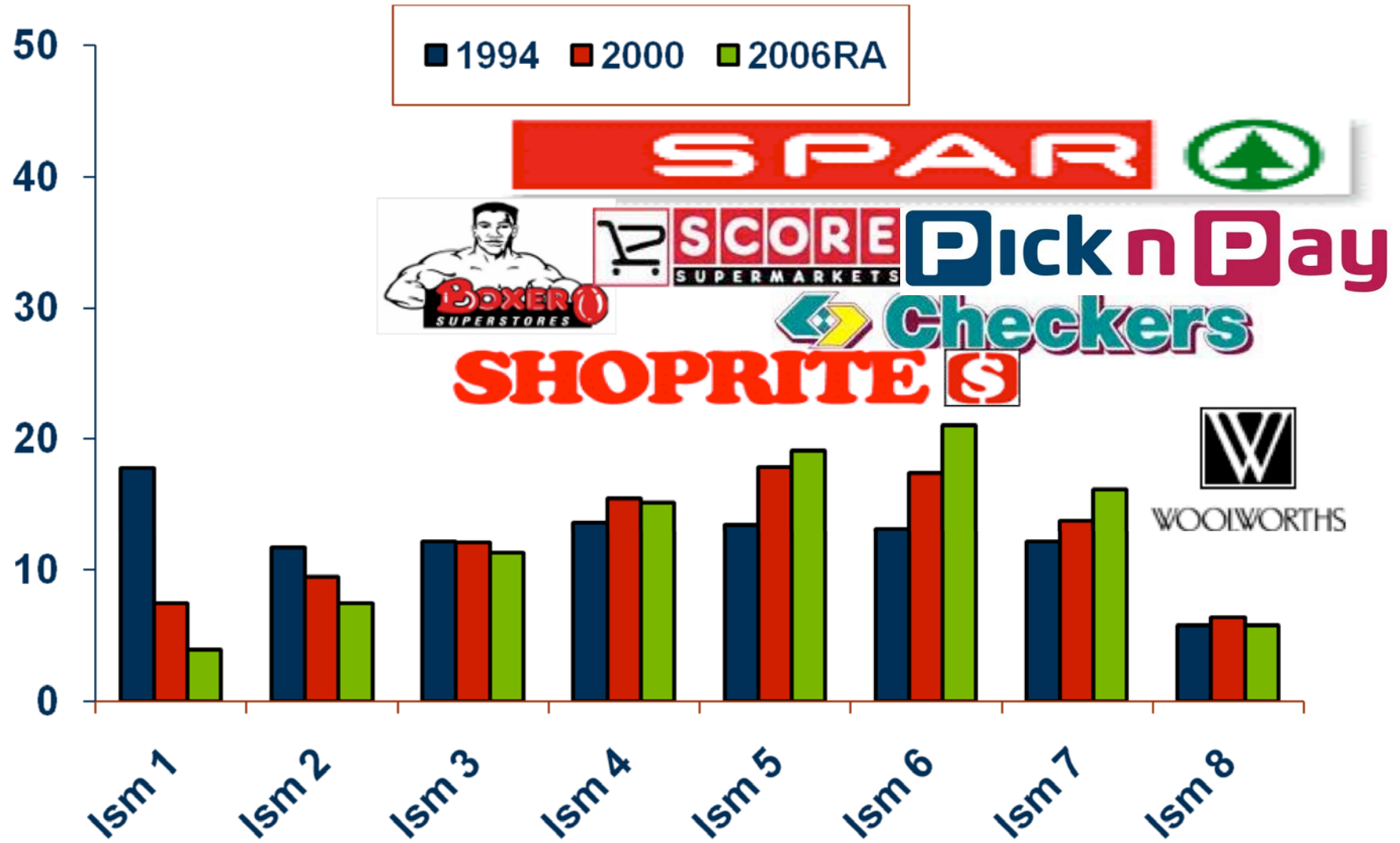


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And, of course, local cheeses for Africa.  
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# Introduce sustainable products

## Projects

- Develop ethical supply chain standards
- Develop sustainable sourcing code
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- Address food security
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- Develop healthier/organic/green/recycled content ranges
- Animal welfare standards:
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- Alternate farming methods:
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## Inspired to keep things moving

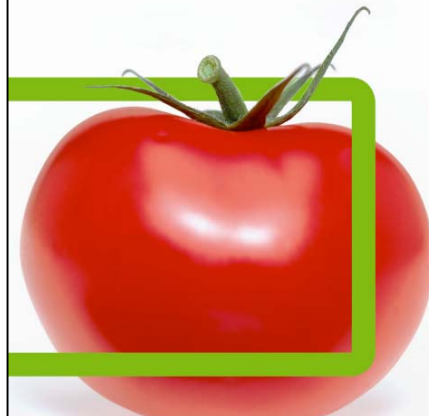
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# Flower Valley



# Coastal Cashews



THANK YOU

Pick n Play



Any questions ?



**Caution: Wet Paint**  
Claremont health and beauty section under construction.

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Gareth Ackerman: Chairman Pick n Pay Holdings Pty Ltd  
[gackerman@pnp.co.za](mailto:gackerman@pnp.co.za)

Financial Highlights Feb 28<sup>th</sup> 2008

Turnover		15.4%
Trading Profit		16.9%
Headline Earnings Per Share		10.1%
Total Dividend Per Share		11.1%
Final Dividend Per Share		10.0%



# Turnover

R'bn



US\$1 = R7.20 approx

# Trading Profit And Margin

Trading Profit Rm



## Commodities again driving inflation

		Feb 06	Feb 07	Feb 08	increase 08 v 07
Maize	R / ton	1,025	1,804	1,900	4%
Wheat	R / ton	1,373	1,901	3,808	100%
Sunflower oil	R / ton	1,775	2,645	4,909	86%
Petrol	C / l	563	575	764	33%
Rand per Dollar	R / \$	6.13	7.08	8.03	13%
Rand per Euro	R / €	7.29	9.33	12.64	35%

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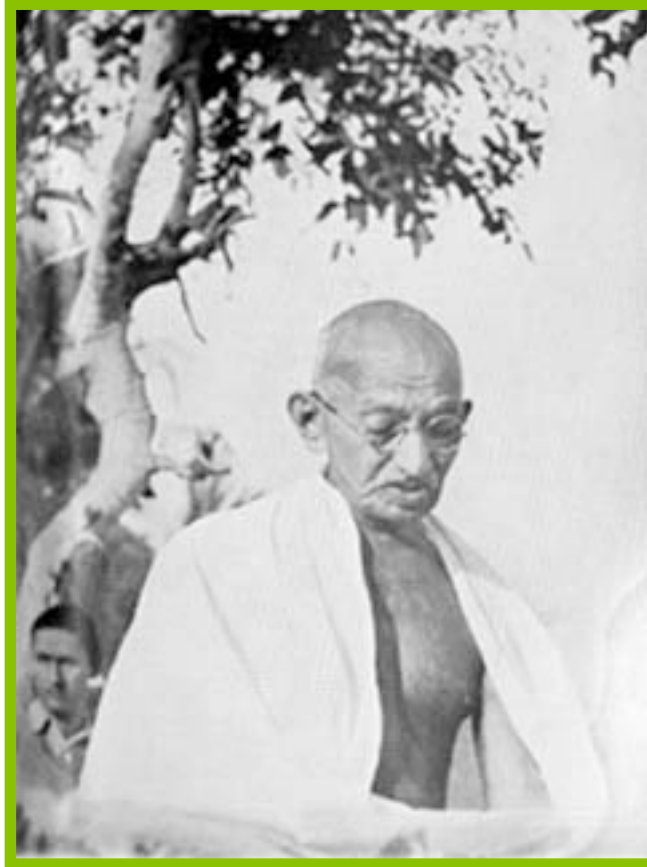
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  - Build achievable values systems
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**Save the globe**

Turn off a light, or a room full. Switch to CFLs, (compact fluorescent bulbs), they'll save you anything from 25% to 40% in power consumption.

Insulate your geyser and the first 1.5m of piping, that can reduce heat loss by up to 51%. Turn your fridge down a notch, it's probably too high anyway.

Show everyone you're doing your bit, drop into your local Pick n Pay and sign your pledge to reduce your family's consumption. You'll be automatically entered into our draw and you could be one of 50 customers who will win R5000 every month.

Start saving power today, you'll save yourself a lot of money and you could help save the planet. It might make the world of a difference.

**Take the Pick n Pay Power Pledge**

Terms and conditions apply. www.pknpay.co.za

**From bags to riches**

**AJAX**

As South Africa's leading supermarket, we are proud of our partnership with Ajax Cape Town. We support their social responsibility projects, soccer academy, and sheer passion for taking average South Africans and making them stars!



## Entrepreneurship: Challenges with delivery

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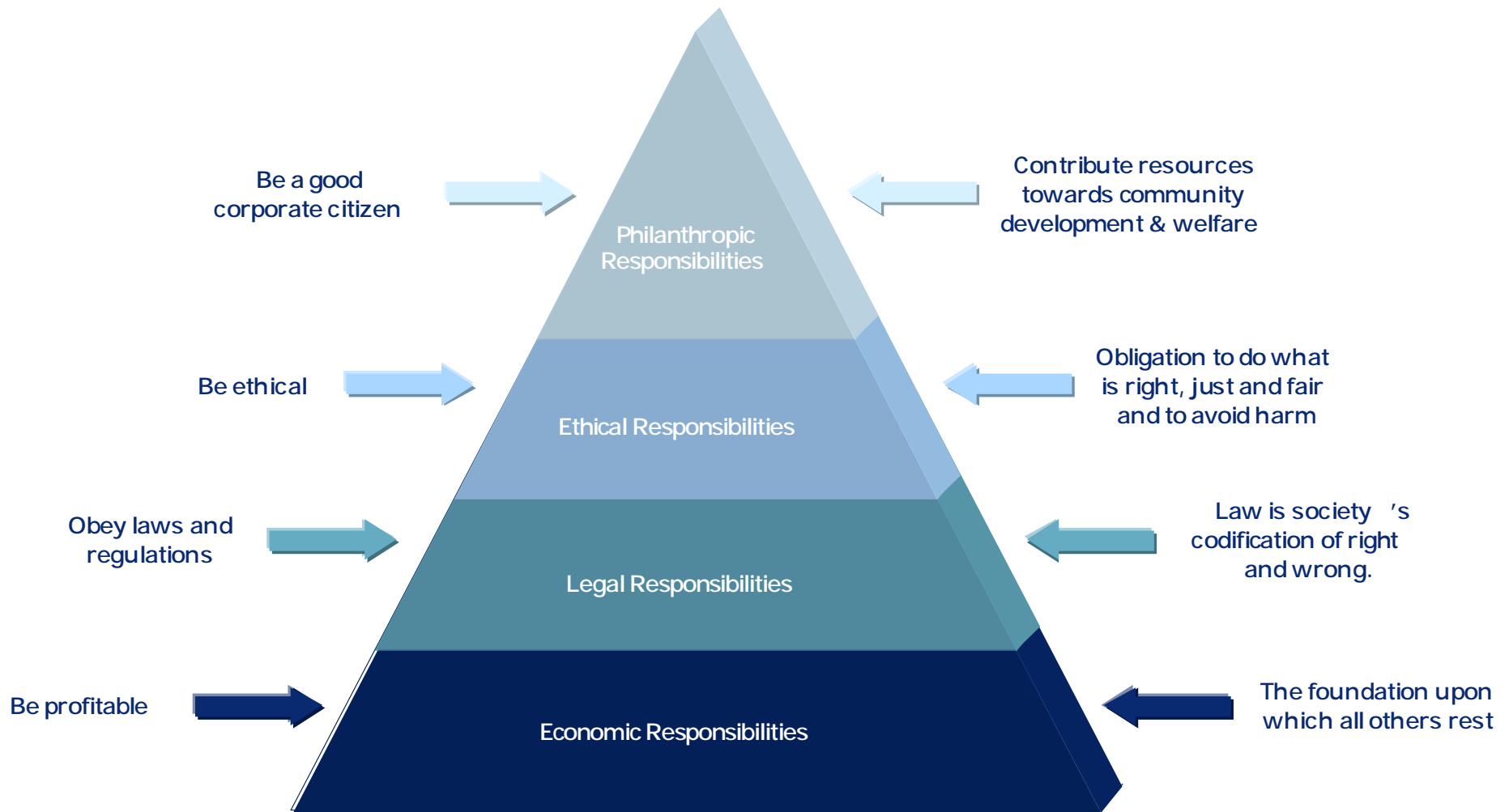


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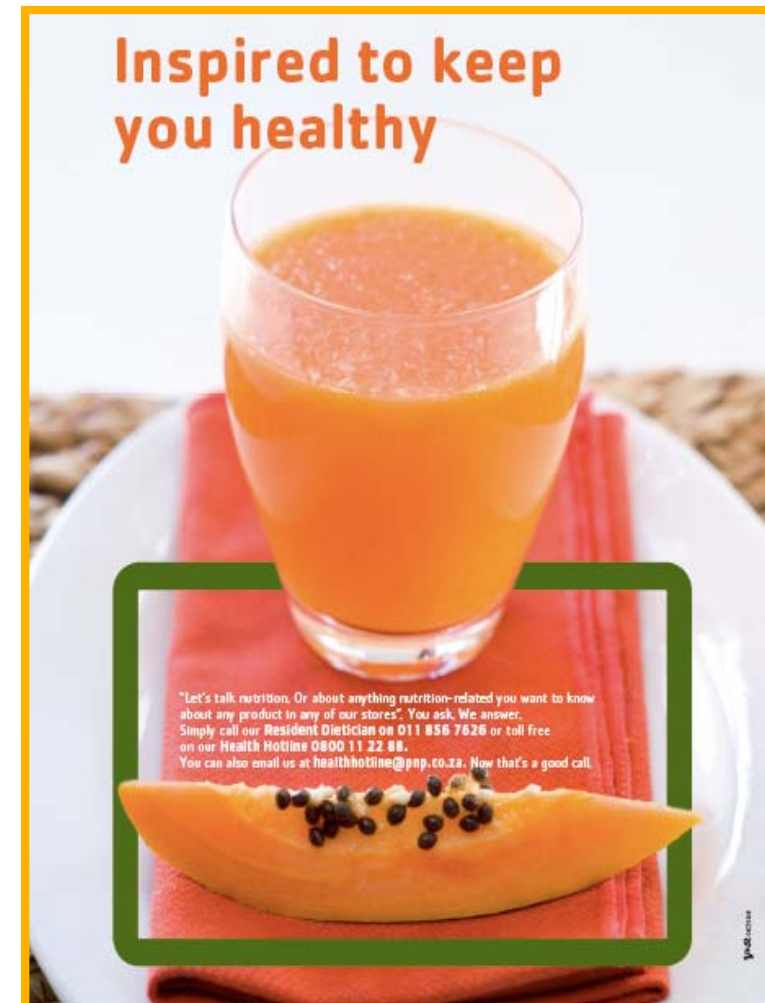
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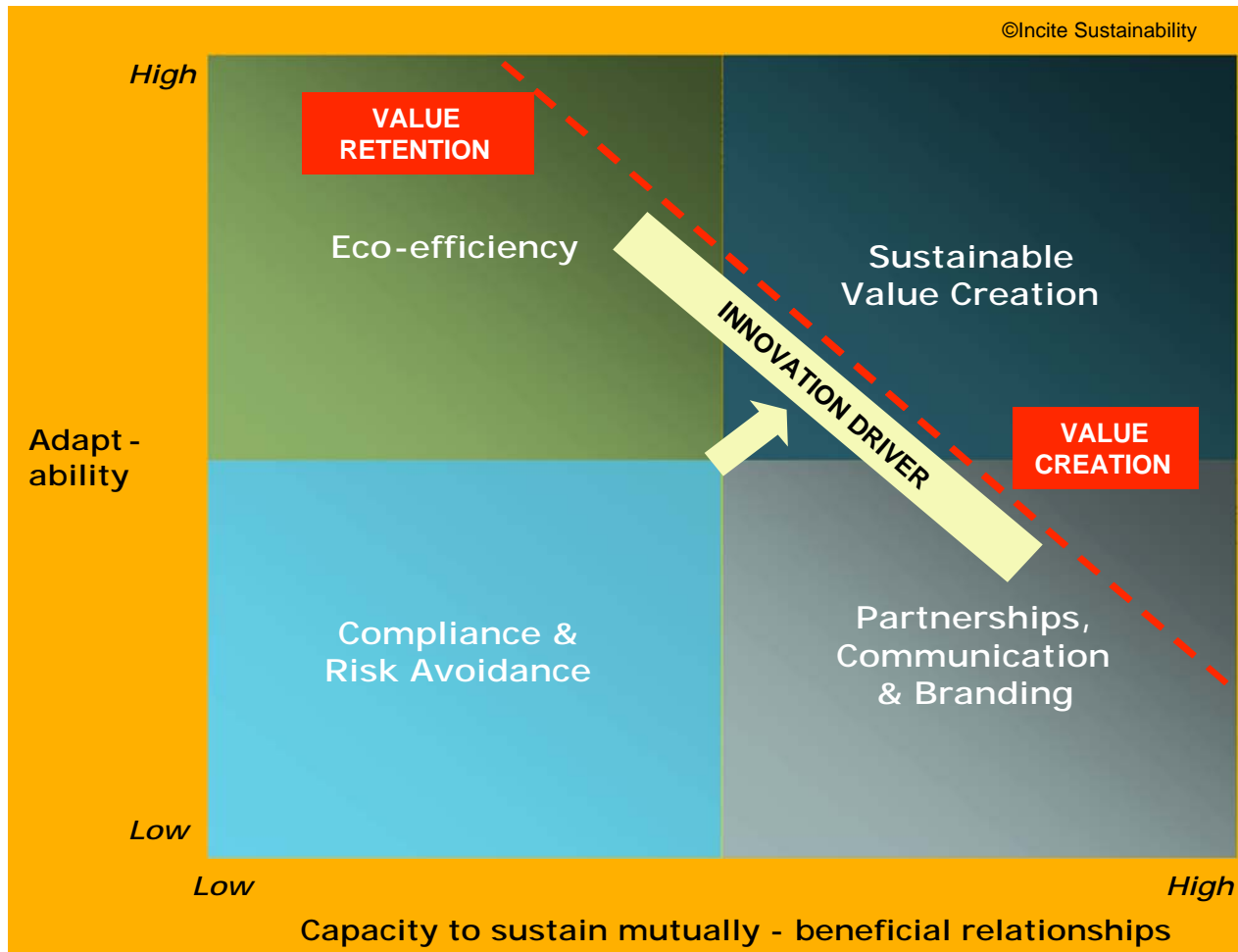
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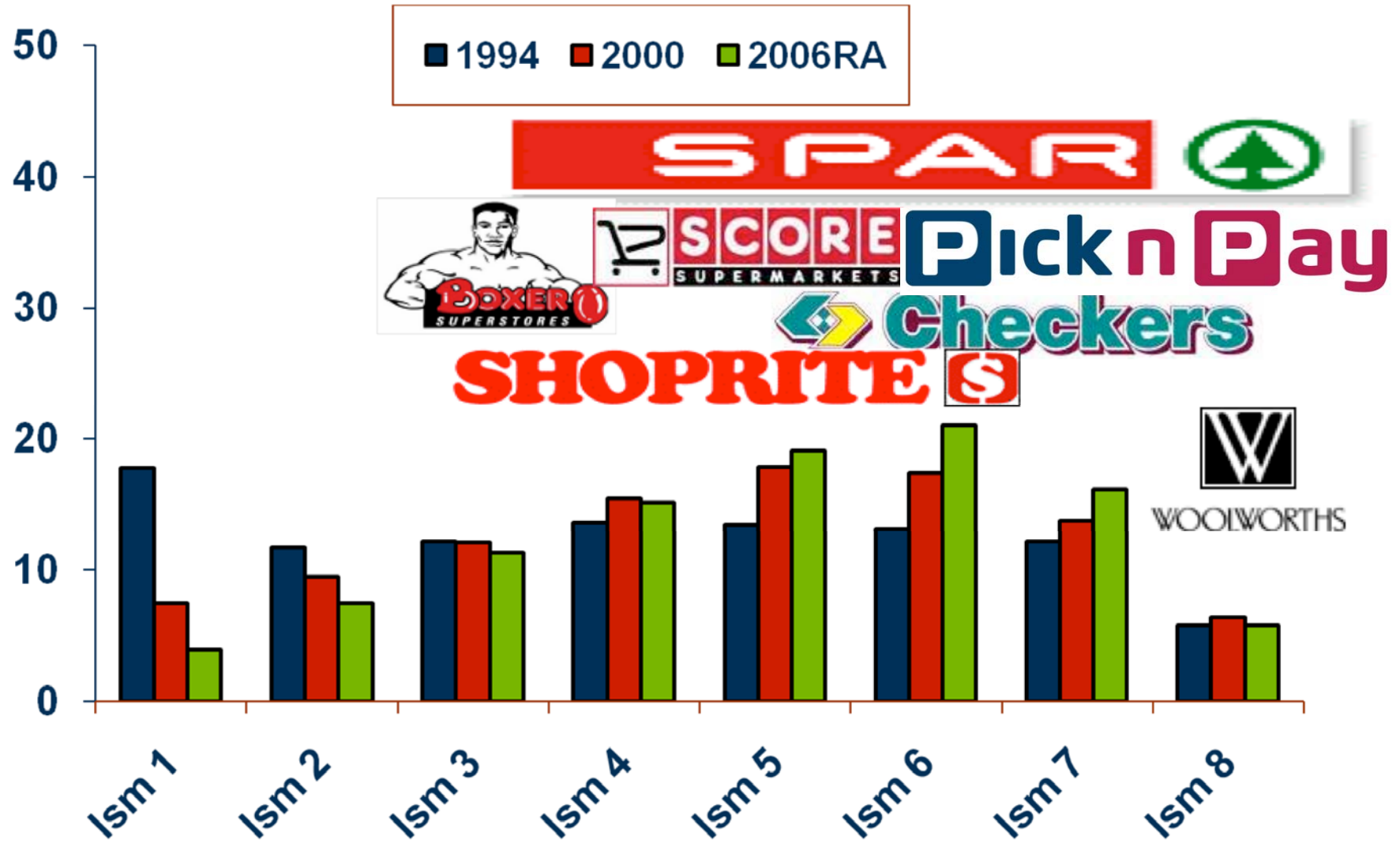


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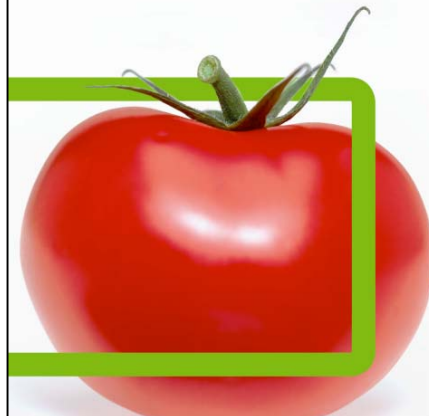
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Inspired by you

page 600078/2

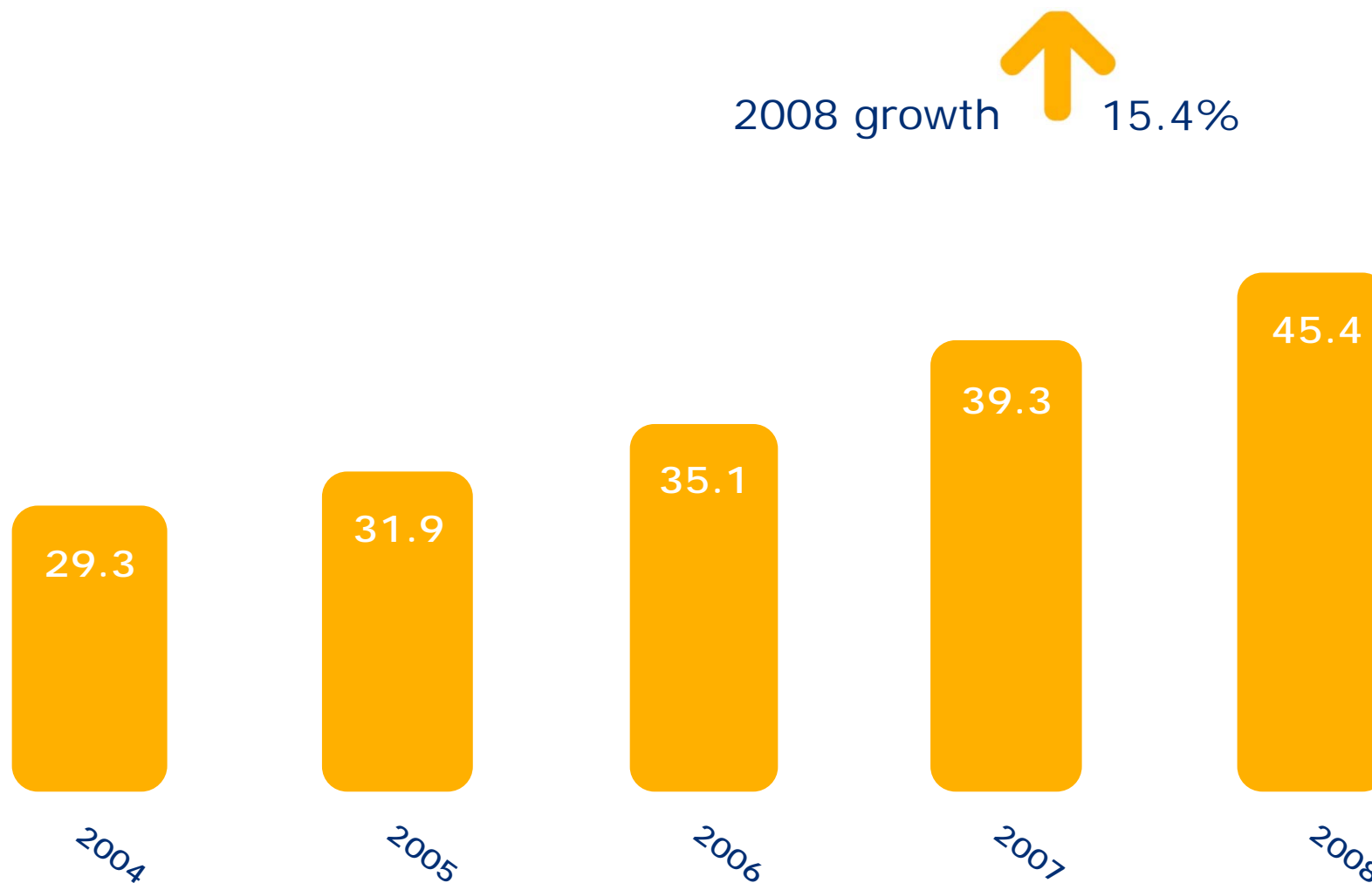
Gareth Ackerman: Chairman Pick n Pay Holdings Pty Ltd  
[gackerman@pnp.co.za](mailto:gackerman@pnp.co.za)

Financial Highlights Feb 28<sup>th</sup> 2008

Turnover		15.4%
Trading Profit		16.9%
Headline Earnings Per Share		10.1%
Total Dividend Per Share		11.1%
Final Dividend Per Share		10.0%

# Turnover

R'bn



US\$1 = R7.20 approx

# Trading Profit And Margin

Trading Profit Rm



## Commodities again driving inflation

		Feb 06	Feb 07	Feb 08	increase 08 v 07
Maize	R / ton	1,025	1,804	1,900	4%
Wheat	R / ton	1,373	1,901	3,808	100%
Sunflower oil	R / ton	1,775	2,645	4,909	86%
Petrol	C / l	563	575	764	33%
Rand per Dollar	R / \$	6.13	7.08	8.03	13%
Rand per Euro	R / €	7.29	9.33	12.64	35%

# Gareth Ackerman

## Chairman Pick n Pay Holdings

### Director – Pick n Pay Stores



# SUSTAINABILITY IN RETAIL

Retailing in the Green Economy: Getting Serious about Sustainability

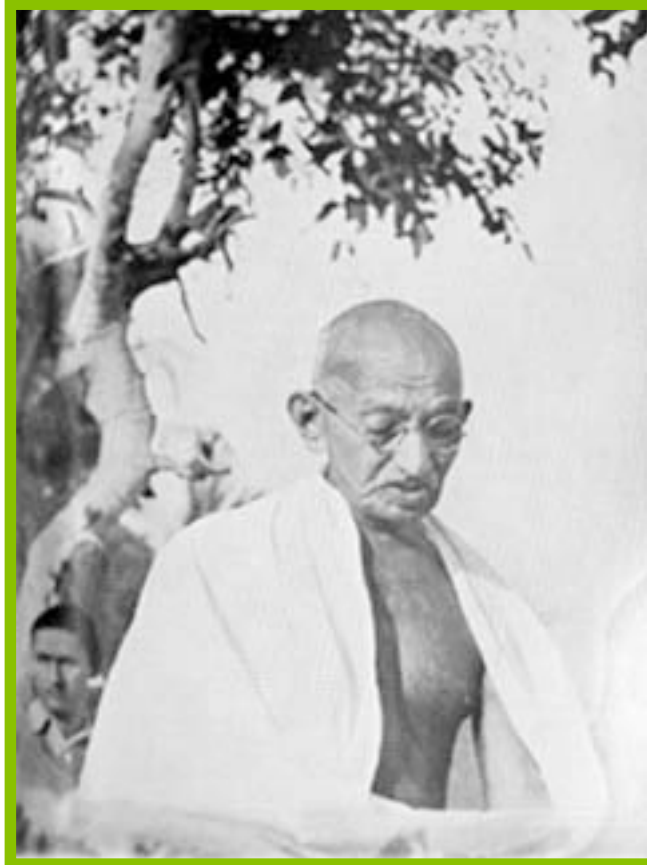
**PICK 'N PAY | DOING GOOD IS GOOD BUSINESS**



**GARETH ACKERMAN**  
CHAIRMAN  
**PICK N PAY HOLDINGS LTD**  
SOUTH AFRICA



“You must become the change you wish to see.”



## Definition of Sustainable Development

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”



## Entrepreneurship: Philosophy

- By looking after the society, society will look after you.
  - Make a fair profit – not profit maximise
  - Have a heart
  - Build social capital
  - Build a pride in association
  - Build achievable values systems
  - Acknowledge and embrace diversity

**Save the globe**

Turn off a light, or a room full. Switch to CFLs, (compact fluorescent bulbs), they'll save you anything from 25% to 40% in power consumption.

Insulate your geyser and the first 1.5m of piping, that can reduce heat loss by up to 51%. Turn your fridge down a notch, it's probably too high anyway.

Show everyone you're doing your bit, drop into your local Pick n Pay and sign your pledge to reduce your family's consumption. You'll be automatically entered into our draw and you could be one of 50 customers who will win R5000 every month.

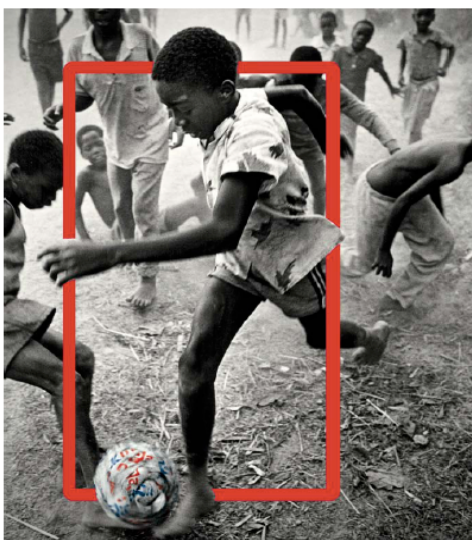
Start saving power today, you'll save yourself a lot of money and you could help save the planet. It might make the world of a difference.



**Take the Pick n Pay Power Pledge**

Terms and conditions apply. www.picknpay.co.za

**From bags to riches**



**AJAX**

As South Africa's leading supermarket, we are proud of our partnership with Ajax Cape Town. We support their social responsibility projects, soccer academy, and sheer passion for taking average South Africans and making them stars!

## Entrepreneurship: Challenges with delivery

- How do you recognise the inflection points?
- How does success blind vision?
- Conviction vs. other views
- Internalisation of constructive dissent
- Crisis is a catalyst for change
  - Can change be incremental?



## Why is sustainable development a global issue today?

- The population is growing at a rapid rate
- We are running out of resources; oil, water, land, bio-diversity
- Species are becoming extinct at an accelerated rate
- Our emissions are out of control creating global warming
- Our climate is changing
- “Natural” disasters are increasing
- The food supply is under strain
- Food prices are escalating
- Competition for resources (agriculture for fuel vs. food)

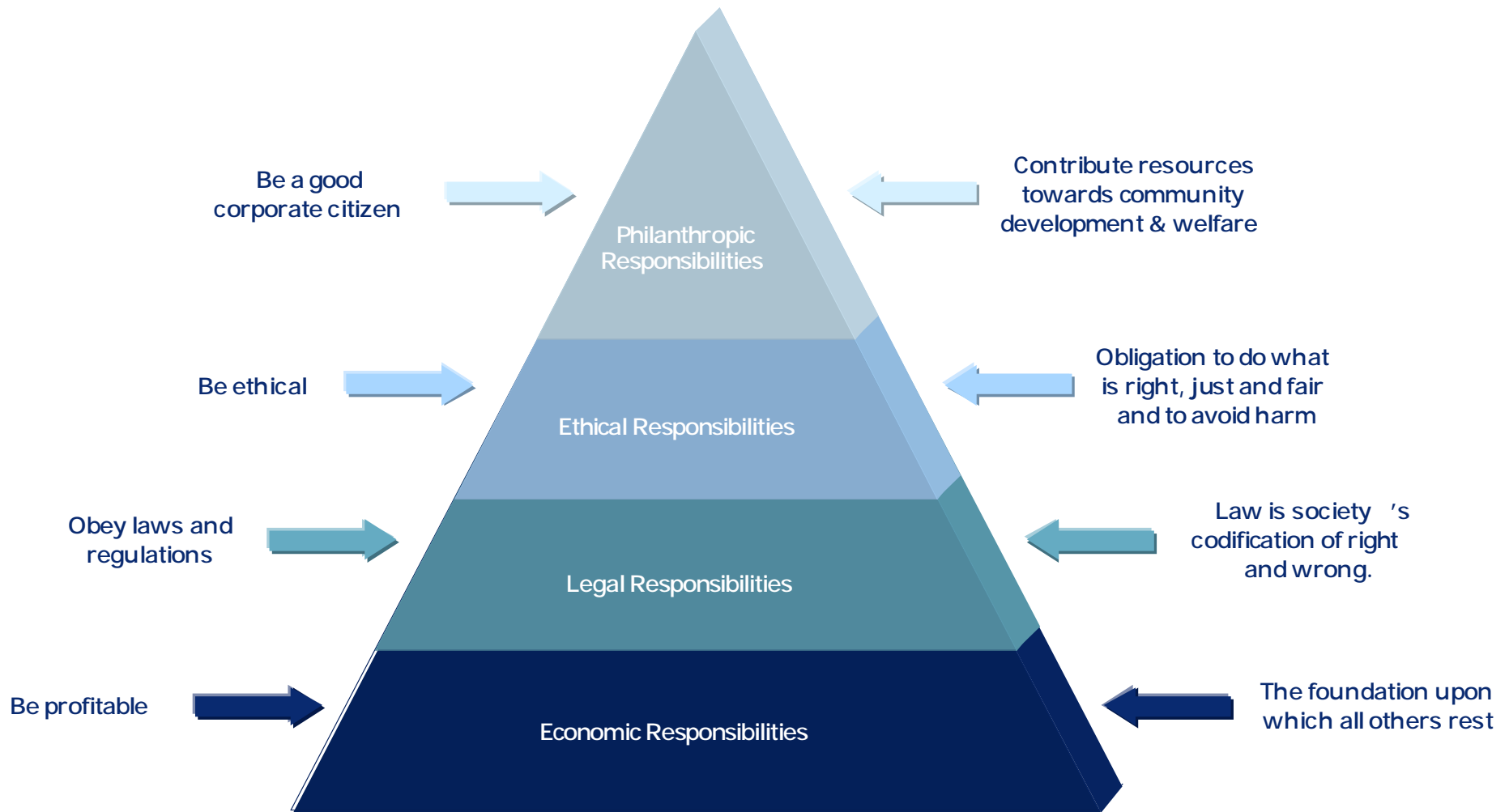


# TOP OF MIND ISSUES



	2008	2007	2006
• Corporate Responsibility	1	3	11
• Food safety	2	6	4
• Consumer health and nutrition	3	1	=6
• Technology and supply chain	=4	5	3
• The economy and consumer demand	=4	10	10
• The retail/brand offer	6	2	2
• Human Resources	7	4	5
• The competitive landscape	8	=7	1
• Consumer marketing and loyalty	9	9	=6
• Retailer-supplier relations	10	=7	8
• Internationalisation	11	11	9
• Regulations	12	12	12





Adapted from: Carroll, 1991



# Triple Bottom Line

Transformation



**CORE PHILOSOPHY  
4 LEGS OF A TABLE**



## Our strategy

South Africa's favourite and most admired grocery retailer

### Customers

Defend and grow leadership in LSM 8-10 heartland

Bring the best of Pick 'n Pay to LSM 4-7

### Operations

Invest to improve operating model

Continue to deliver operating efficiencies

### People

Build world class retail capabilities

### Sustainability

Create a sustainable future



Leading shareholder returns



## Kitchen Café

Our 48 seater Kitchen Cafe has an extensive menu that competes with any restaurant. Come in and recharge while you shop. Now you can sit at a stylish table, sip one of our delicious fresh coffees, have a tasty snack on the side and leave full of beans.

## Sushi Bar



Bob Chen  
Sushi Chef



In the mood for quick 'n easy sushi? Our new store has an on-site sushi bar with three specialist chefs and an open kitchen, so we make your order while you watch, ensuring the freshest, speediest sushi around.

## Kosher Store

An independant kosher store inside our Claremont Supermarket offers a wide array of products from everyday basics through to specialist imported goods, to better meet your needs.

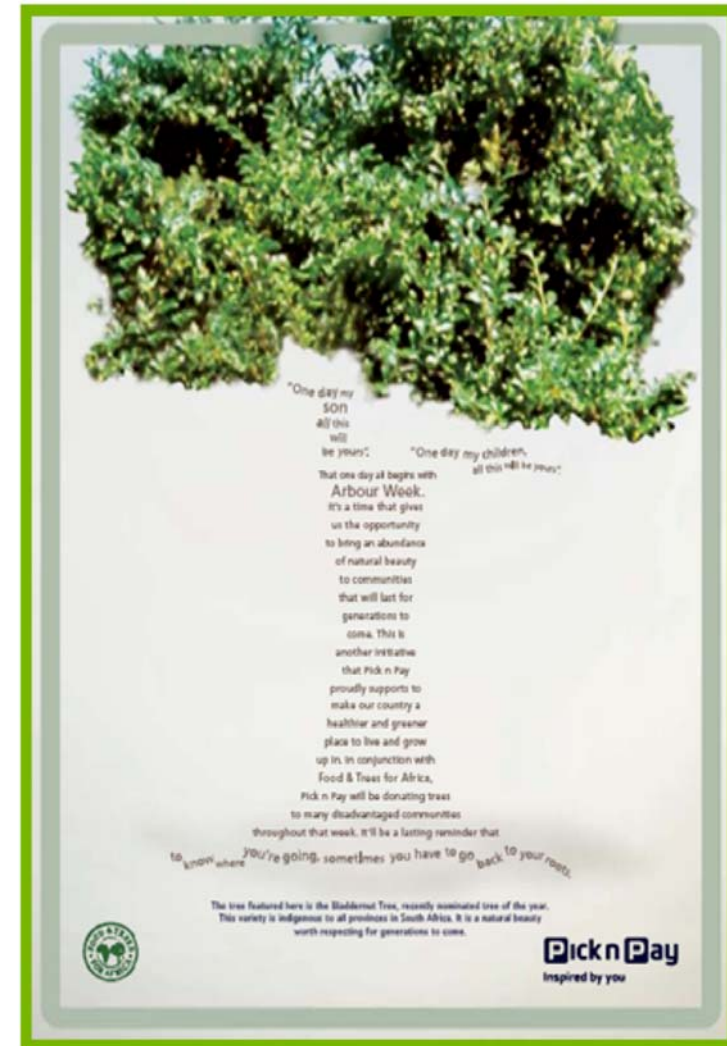


## Fresh Flowers

We have a range of flowers second to none. Stop and chat to our qualified florist as you browse and if need be, she can make up a bouquet for you.

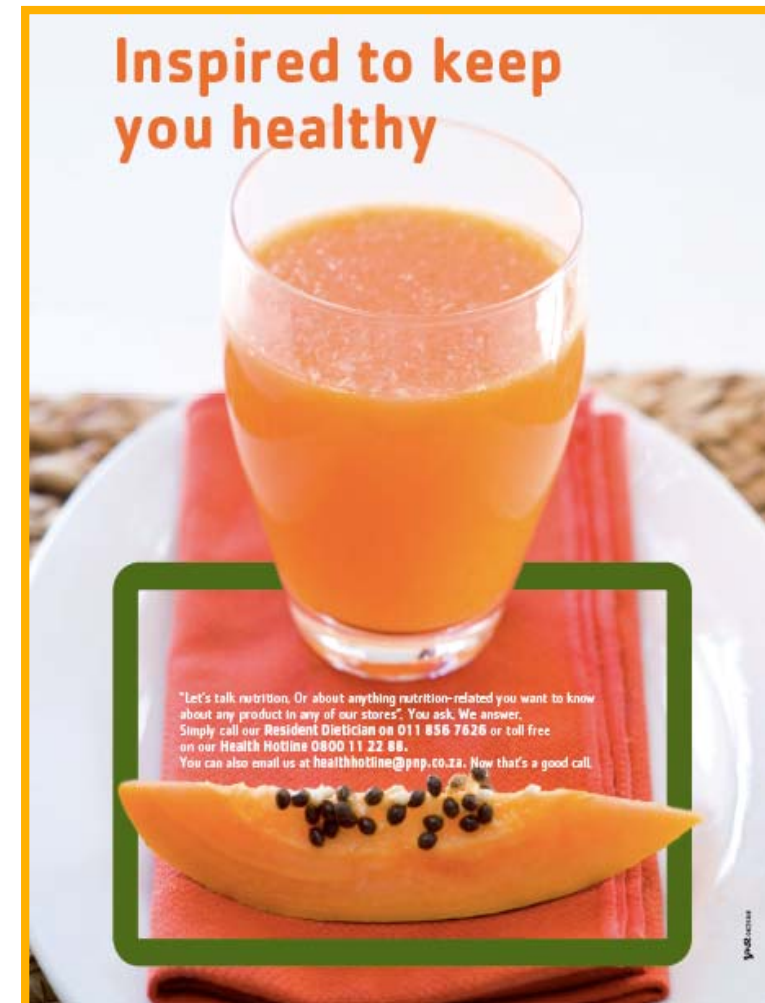
## Our strategy

- Pick 'n Pay has made a significant impact on the South African economy through employment and creating business transactions with its suppliers
- We have also been a good corporate citizen through the role we have played in society from a social and environmental point of view
- We are committed to play a leadership role in addressing the issues around global warming and climate change to ensure a sustainable business, society, country and world for the generations of the future
- Our Sustainable Development strategy addresses key global issues through an alignment of our business practices to meet the challenges effectively



## Business Drivers

- Risk management
- Investor rating – SRI funds, CDP
- Reputation and brand
- Compliance with Corporate Governance
- Value creation
- Regulatory and legal developments
- Competitive advantage
- Cost efficiencies
- Tangible measurement of involvement with environmental and social issues (ROI)
- Public pressure
- Industry and professional ownership
- Measurement of results and setting of goals for the future
- Better management of environmental and social issues



# Sustainability - priorities

## Economic growth

- Sustainable company profits
- Sound corporate governance
- Stakeholder engagement and partnerships

## Transformation of stakeholders

- Employment equity
- Employee ownership schemes
- Transformation of suppliers
- Affirmative procurement policies

## Social development

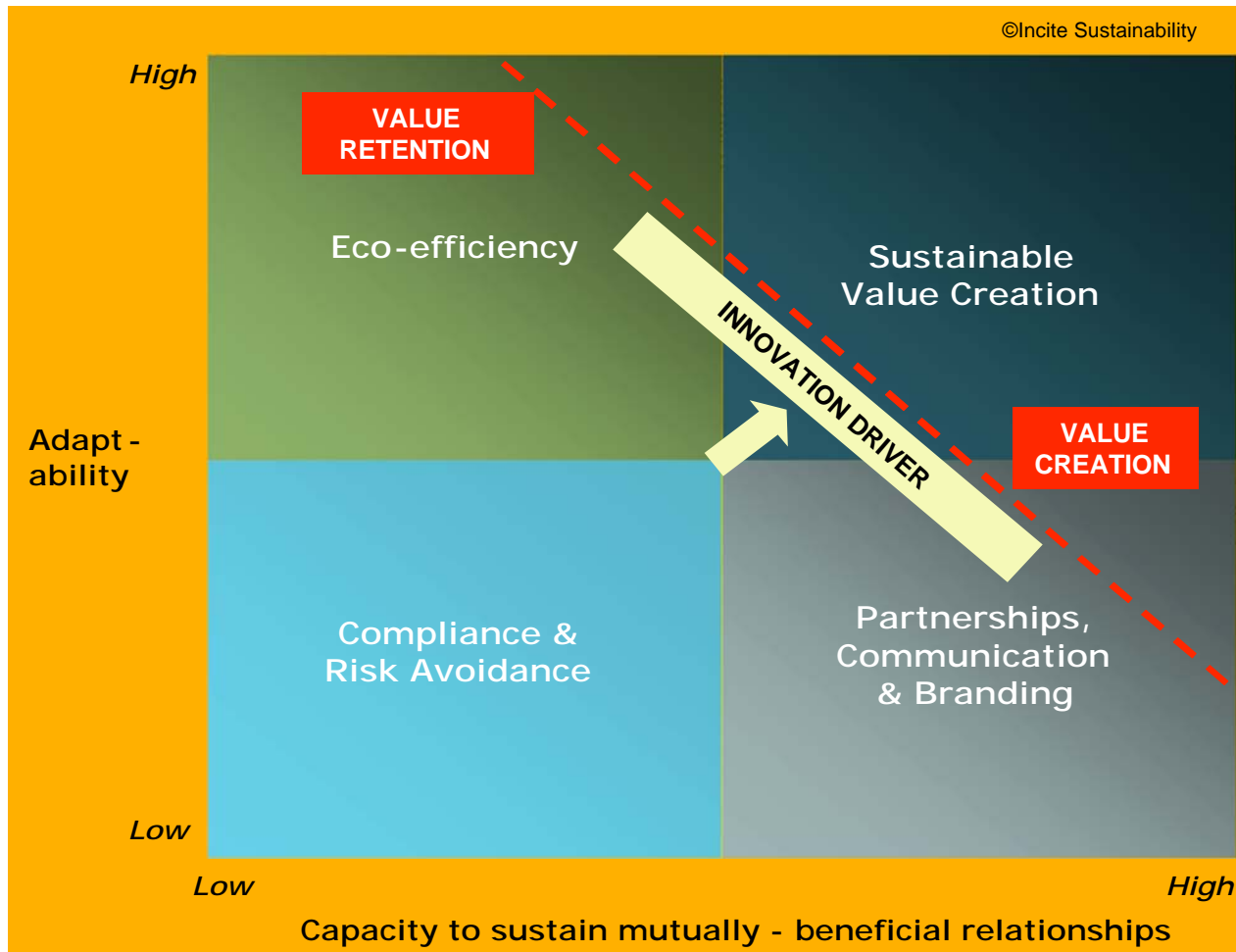
- 5 social investment funds
- Community owned projects – R 12 mil for 15 projects in 2007 / 8
  - Organic Freedom Project
  - Support Bakery – 53% sales growth
  - Winterveldt – 8 out of 15 farms have electricity & irrigation
  - Mabuto's Piggery
  - Bethlehem Farmers Trust – 11k cases of apples in 06 to 42k in 08

## Sustainable environment

- Preserve the environment and limit our impact
  - SASSI
  - Packaging findings to be implemented in 2008
- Development of natural farming methods
- Eco Friendly stores and DCs
- Minimise waste
  - E-waste initiative
  - Waste initiative piloting in 9 stores
- Reduce carbon emissions – Power Pledge
- Animal Welfare
  - Predator protection programme - Landmark Foundation in EC

Brand & Communication

# Sustainability Strategy Quadrant



Are we continually motivated to find better, more innovative, way of doing things?  
 How do we respond to turbulence?

What is our stakeholder spectrum?  
 At what level do we engage with them?



## Sustainable Development Mission

Building the future now through changing our ways for the benefit of generations to come.

### Overall Objective

To share and refine the Sustainable Development strategy for Pick 'n Pay which is aligned with the business strategy.

To implement a process to integrate it into our business practices.

**Energy efficient light bulbs at cost. What an inspired idea.**

To help you and South Africa save power, we're selling all our energy efficient light bulbs at cost. After all, the more we save, the more everybody benefits.

**Shedding light on electricity costs.**  
The CFL (compact fluorescent lamp) uses 80% less energy than a normal light bulb and lasts up to six times longer. Electricity bills can also be cut by up to 9% when you switch over. So buy these light bulbs at our discounted prices and save in more ways than one.

## Cornerstone of our vision

- Reduced carbon emissions
- Less waste
- Strategic and influential partnerships
- Innovation



The advertisement features a central image of a young child in a bathtub, completely covered in white foam. The child has a wide, joyful expression with their mouth open. A blue square frame is superimposed over the child's face. In the top right corner, the Pick n Pay logo is displayed with the tagline "Inspired by you". Below the logo, there is a block of text: "At Pick n Pay we're always on the lookout for new and exclusive ideas at prices you can afford. Whether it's our extensive range of Active Nutrition supplements, home appliances, sensuous Body Basics lotions, highly effective sunscreens or even our children's hand soaps and bubble-baths that produce twice as much foam as any other. After all, what's the point of shopping if there's nothing new on the shelf." In the bottom right corner, four product bottles are shown: a blue bottle of Body Basics lotion, a green jar of Active Nutrition supplement, a blue bottle of hand soap, and a blue bottle of Sun Sure sunscreen. At the bottom left, the text "Inspired to innovate" is written in blue. At the bottom right, there is a small disclaimer: "Certain products at selected outlets only" and the website "www.picknpay.co.za".

Pick n Pay  
Inspired by you

At Pick n Pay we're always on the lookout for new and exclusive ideas at prices you can afford. Whether it's our extensive range of Active Nutrition supplements, home appliances, sensuous Body Basics lotions, highly effective sunscreens or even our children's hand soaps and bubble-baths that produce twice as much foam as any other. After all, what's the point of shopping if there's nothing new on the shelf.

Inspired to innovate

Certain products at selected outlets only. [www.picknpay.co.za](http://www.picknpay.co.za)

## GROUP PHILANTHROPY



## GROUP COMPANIES

Social Responsibility  
Triple Bottom Line  
Empowerment  
Sustainability  
Community  
Development



Skills development  
Entrepreneurship  
Sustainability

Entrepreneurship  
Welfare  
Education  
Environment  
Arts and culture  
Sustainability

Sustainable supply  
and surplus creation



## New approach to advertising

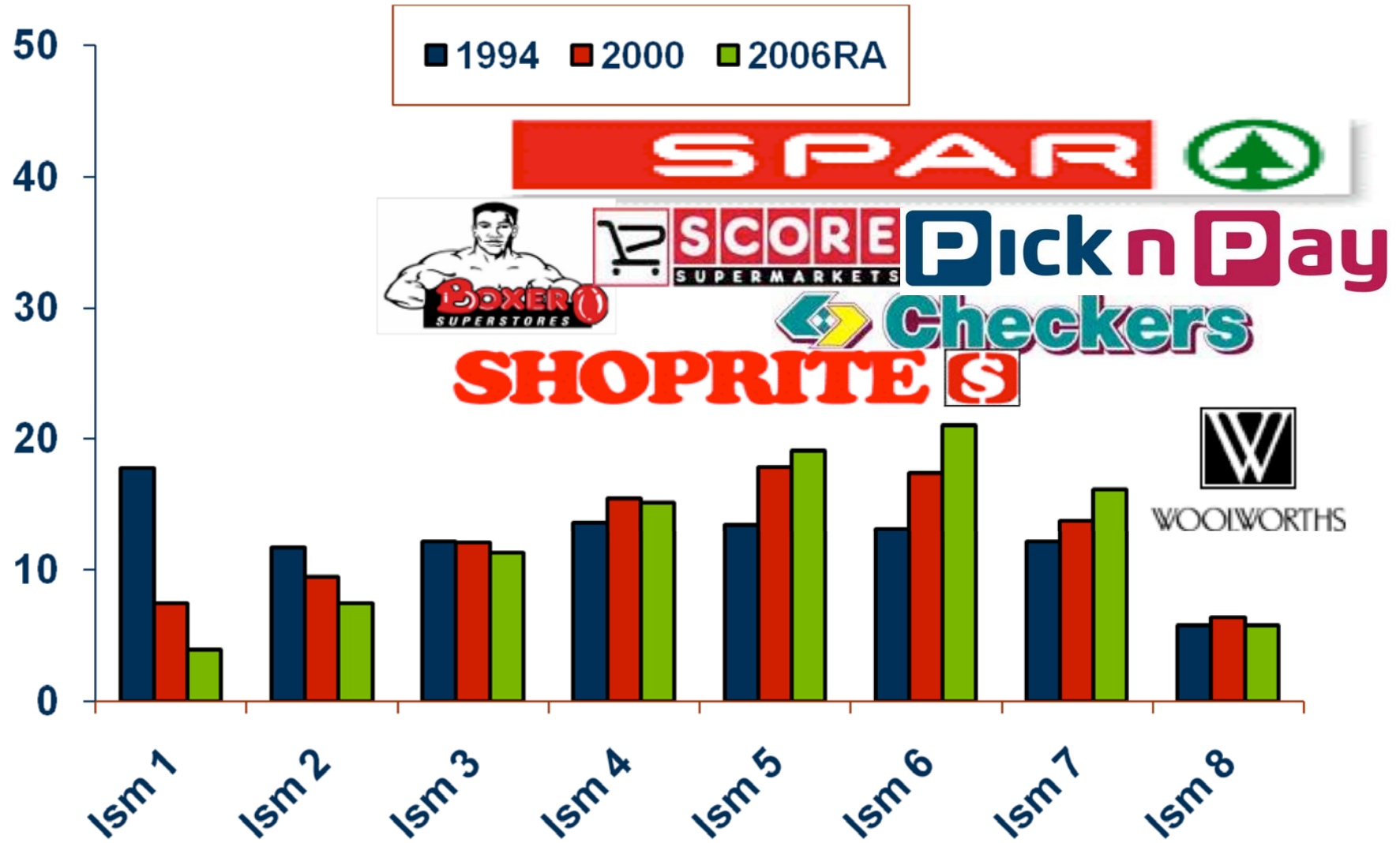


**Pick n Pay**  
Inspired by you

### Inspired to be the big cheese

Feast your eyes. Traditional cheddars. Tantalising goudas.  
We give you a taste trip across Europe from Sweden to Greece.  
And, of course, local cheeses for Africa.  
Pick n Pay stocks over 100 varieties. In any store. At any time.  
Because we want to be your Number 1 venue. Avoid the traps.

[www.picknpay.co.za](http://www.picknpay.co.za)



Source: SAARF

# Pick n Pay Group

Store numbers	2006	2007	2008	2009
<b>Pick n Pay Retail Division</b>				
Hypermarkets	14	16	18	20
Supermarkets	152	160	162	165
Franchise	179	190	206	256*
Clothing	18	24	31	33
Liquor stores	22	36	54	74
Pharmacies	6	10	14	18
<b>Score</b>				
Supermarkets	126	127	118	87
<b>Boxer</b>				
Supermarkets	54	60	64	69
Hardware stores	3	6	6	6
<b>Franklins</b>				
Supermarkets	79	76	74	77
Franchise	-	2	6	11
<b>Total Stores</b>	<b>653</b>	<b>707</b>	<b>753</b>	<b>816</b>
<b>TM Supermarkets</b>	<b>54</b>	<b>56</b>	<b>56</b>	<b>56</b>

\* Includes 36 Score conversions  
(cumulative)

# Introduce sustainable products

## Projects

- Develop ethical supply chain standards
- Develop sustainable sourcing code
- Develop local sourcing principles
- Address food security
- Address food safety and chemical usage
- Develop healthier/organic/green/recycled content ranges
- Animal welfare standards:
  - predator management
  - poultry
  - dairy
  - beef/pork/lamb
  - eggs
  - toiletries
  - gmo
- Alternate farming methods:
  - natural/bio farming
  - organic farming
- Sustainable sourcing
  - Marine Stewardship Council
  - Forest Stewardship Council
  - Recycled content



## Inspired to keep things moving

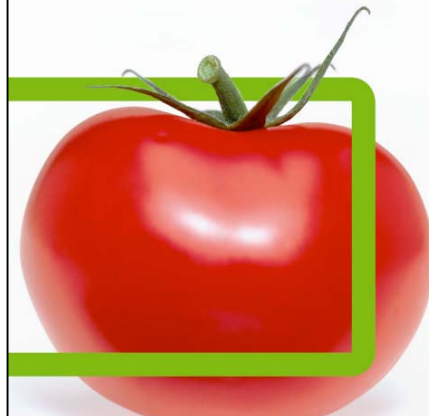
If there's more than one customer in front of you at the till, we'll always aim to open another until all our tills are open.

Queues Hotline: 0800 11 22 88



## Inspired to stay fresh

If you find any product on our shelves that's past its sell by date... we'll replace it with a fresh one. For free! We're inspired to put our money where our mouth is.



## Inspired to get it right

Even though we constantly strive for perfection, occasionally some things slip through the net.

**Scan Right Guarantee:** At the time of purchase, if any item scans at a different price to that displayed on the shelf label and the barcode corresponds, then that item is free. The balance of the purchase of the same product will be at the lower price.

After all, you inspire us to get it right.







# Flower Valley



# Coastal Cashews



THANK YOU

Pick n Play



Any questions ?



**Caution: Wet Paint**  
Claremont health and beauty section under construction.

**Pick n Pay**  
Inspired by you

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Gareth Ackerman: Chairman Pick n Pay Holdings Pty Ltd  
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Trading Profit Rm





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