

EMPOWERING INDEPENDENT SMALL RETAILERS

SPAZA TO CONVENIENCE STORE CONVERSIONS

Pick n Pay is pioneering an ambitious partnership initiative to help **small independent township grocers** to regenerate their stores and turn them into thriving neighbourhood convenience stores.

A successful pilot project with five stores in 2016 has been the result of entrepreneurial passion and an effective public/private sector partnership on a small but powerful scale between Pick n Pay and the Gauteng Department of Economic Development (GDED), with hybrid funding provided by the Old Mutual Foundation and the Masisizane Fund. Further details are available in the feature on spaza to store conversions on pages 10 and 11.

The project underscores our commitment to give impetus to township economies by assisting SMMEs and building new business leaders.

LOCAL AND DIVERSE SUPPLIERS

INCREASING LOCAL SOURCING

We have a substantial impact on the South African economy through our direct supply chain, expending more than **R67.7 billion** in direct procurement in FY2017. Our supply chain sustains more than **400 000 jobs** across the country.

We procure 96% of our fresh produce from South African suppliers, and actively increase our positive impact by developing and sourcing from an increasing number of local emerging farmers and manufacturers. Through collaboration with our local suppliers, including exploring innovative ways of supporting local businesses while retaining our high standards of quality and value for money, we are able to give our customers what they want: global best quality but through locally sourced products. A locally focused supply base also provides an advantage in addressing long-term food security, environmental and social challenges.

SUPPORTING SMALL BUSINESSES IN OUR SUPPLY CHAIN

Facilitating small business development in the retail sector, particularly of black- and women-owned businesses, is essential to grow our economy, drive employment and empower individuals. We recognise that many small suppliers have challenges in accessing funding, growing scale and achieving a viable business. Through our Enterprise and Supplier Development (ESD) Division, we maintain a leading role in mentoring, encouraging and enabling small-scale entrepreneurs to become sustainable suppliers to the retail industry. This pool of diversity and entrepreneurship provides a pipeline of new and enterprising products for our shelves, and a lever to drive our product innovation. Further details are available in the feature on developing small suppliers on pages 12 and 13. Preferential trading terms are provided to enterprises with levels of turnover up to R8 million.

“We want to create new jobs, teach new skills and share our knowledge and experience with more small business owners.”

– **Suzanne Ackerman-Berman**, Pick n Pay Director: Transformation

PROMOTING SUPPLIER DIVERSITY

We promote transformation throughout our supplier base through preferential procurement and by assisting suppliers to achieve compliance with high standards. Our preferential procurement strategy directly targets black- and women-owned small businesses (and youth and persons with disabilities) and we continue to make progress across our key performance indicators. This year, we spent R35.2 billion on BBBEE suppliers, of which R818 million was on black-owned SMMEs, R9.2 billion on more-than-51% black-owned suppliers, and R10.7 billion on more-than-30% black women-owned suppliers.

PREFERENTIAL PROCUREMENT

	FY2015	FY2016	FY2017
Spend on BBBEE compliant businesses	R33bn	R35bn	R35.2bn
Spend on black-owned businesses	R3bn	R2.2bn	R9.2bn
Spend on black women-owned businesses	R1bn	R965m	R10.7bn
Spend on SMMEs	R1bn	R1.61bn	R818m



RESPONSIBLE AND ETHICAL SOURCING

To ensure the sustainability of our resource base, we recognise the importance of **promoting resilience throughout our value chain, and supporting our suppliers to meet effective standards**. Our sourcing policy provides clear guidance on employment practices and social and environmental standards we expect to be upheld in the process of supplying Pick n Pay branded products. Ensuring strict product quality control also builds trust with our customers. We support ethical initiatives, including offering consumers sustainable alternatives, supporting producers who proactively manage animal welfare and environmental issues, and advancing sustainable seafood sourcing.

SUPPORTING ETHICAL INITIATIVES

To offer consumers sustainable alternatives, we provide a range of **organic, free range and Fairtrade certified products**. Our eco-friendly PnP Green range of cleaning products is certified as being vegan, cruelty-free and not tested on animals. We have achieved our commitments to improve the welfare of pigs in our supply chain. Following extensive work with our pork suppliers, since November 2016, all fresh pork sold under the PnP brand comes from farms where expectant sows stay in a gestation crate for a maximum of eight weeks, and are then moved into group housing which allows them to move about in pens and socialise with other mother pigs. To protect the piglets the sow is then placed into a farrowing crate one week prior to birth until the piglets are weaned. Since January 2017, all PnP branded processed pork products are also from 'sow crate-friendly' farms.

Pick n Pay supports Fairtrade with a commitment to give preferential access to locally produced, fairly traded products and is the largest stockist of Fairtrade certified products nationally. All Fairtrade produce is farmed in environmentally ethical ways.



Fairtrade products at PnP include Wupperthal's rooibos, Cadbury and Green & Black's chocolate, and Bean There and Antigua coffee

