

Small Suppliers' Toolkit



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Supporting ethical and sustainable sourcing

We are committed to ensuring that our products are grown, sourced and produced responsibly, sustainably and locally. We are committed to sourcing and supporting our smallest suppliers and entrepreneurs, small scale manufacturers and small holder farmers.

Becoming a small supplier

We're always looking for new producers and suppliers, both medium and small. Please be in touch at www.pnp.co.za/peopleplanet/supplier-toolkit should you have further queries.



Our aim

- ✔ Increase local procurement by accelerating small suppliers into the supply chain.
- ✔ Improve and develop great quality and range of local products at competitive prices.
- ✔ Provide small producers a national platform by increasing access to national and regional markets.

What we do

- ✔ Pick n Pay's Enterprise and Supplier Development Programme (ESD) assists selected diverse and ethical small businesses to enter the retail market by putting their products in front of our customers.
- ✔ The Pick n Pay Enterprise and Supplier Development Programme provides a platform for small businesses to become successful and sustainable suppliers to the retail sector.
- ✔ We help our customers lead healthy and sustainable lives by providing them with access to safe, healthy and sustainable products, and information with which to make informed choices about what they eat and how they live.



Our mission

SUPPORT

Empower and build entrepreneurs and small suppliers by providing them with mentorship and business development support.

SCALE

Develop strategies and programmes with the aim to increase productivity and delivery of SME's within the Pick n Pay supply chain.

SUSTAIN

Promote and facilitate all aspects of small supplier development within Pick n Pay.



Business plan checklist

1 Copy of company registration certificate

- ✔ You must have a registered company to do business with Pick n Pay.

2 Business proposal (your product or service offering)

- ✔ Share a short introduction of the company and/or brand.
- ✔ Explain your current distribution model and confirm whether you are able to deliver to stores nationally through our distribution centres.
- ✔ Confirm your total production volume, i.e. production capacity amounts and volumes.
- ✔ Provide your product catalogue with product images and pricing inclusive of VAT per unit.

3 VAT registration number and copy of tax clearance certificate

- ✔ Provide your VAT registration number (if applicable).
- ✔ Provide a copy of valid tax clearance certificate (renewed annually).
- ✔ Provide a copy of SARS import and export licence (if applicable).

4 Annual financial statements

- ✔ Provide your management accounts (requested annually).



Steps to get retail ready

Do I have a registered business?



Becoming a supplier

1. Have a registered business

The first step in joining the Pick n Pay ESD programme is to ensure that you have a registered business that is in operation.

You will need to:

- ✓ Comply with all the relevant legal and industry-related regulations;
- ✓ Obtain all required licences and permits; and
- ✓ Register with Companies and Intellectual Property Commission (CIPC) annual returns, health and safety, food safety, ethical employment (skills development levy) and labour practices (UIF and PAYE) annually.

If your turnover exceeds the legally prescribed threshold, currently R1 million, you will be obliged to register with SARS.

www.sars.gov.za • www.cipc.co.za

2. Develop your product

The second step is to develop an understanding of the category that your product falls into, as well as Pick n Pay's merchandising strategy. Your product will probably fall into one of the following categories: groceries and general merchandise, bakery, butchery, fresh convenience (chilled or frozen ready-to-eat products), clothing, private brands, perishables, or fresh produce.

If you supply food products, you will need to:

- ✓ Comply with Pick n Pay's mandatory minimum food safety requirements;
- ✓ Understand how your product fits into Pick n Pay's merchandising strategy; and
- ✓ Develop your product strategy based on Pick n Pay customers' needs.

www.sabs.co.za

3. Corporate procurement

This comprises fixtures and fittings for stores, distribution centres and offices (such as shelving, refrigeration and furniture), consumables (products such as packaging and stationery), and service contracts (such as security, cleaning and trolley porters).

If you are supplying a service, you will be considered a business-to-business service provider and will fall into the corporate procurement (CP) category.

4. Bookkeeping and cash-flow management

Determine how much capital, cash flow, time and resources you will need to successfully manage and operate your business. Ensure that your business plan details these requirements and, if you are unsure, seek advice from a professional such as an accountant or bookkeeper.

Your business plan will need to include the following:

- ✔ CIPC registration number
- ✔ Turnover
- ✔ Cash-flow projections
- ✔ Projected income statement and balance sheet

www.sage.com • www.xero.com/za

5. Food safety audit requirements

In South Africa, various laws govern the food safety aspects of a product. All Pick n Pay listed products must be produced in a facility that has been audited by an independent third-party auditing company.

The auditing process is managed and conducted in line with the International Organization for Standardisation's (ISO) ISO 17021 and ISO 19011 requirements.

The audit standards are based on the standards required by the Consumer Goods Forum and are available from the Global Food Safety Initiative Guidance Document.

If your product is selected for potential listing by the relevant Pick n Pay category buyer, your facility will be required to meet the minimum food safety standards and undergo a food safety audit.

This includes the following key requirements:

- ✔ Safe food production
- ✔ Quality management systems
- ✔ Factory capabilities
- ✔ Supply-chain management
- ✔ Good Manufacturing practices
- ✔ Microbiological controls
- ✔ Traceability

www.intertek.com • www.samic.co.za • www.entecom.co.za • www.factssa.com • www.sapoultry.co.za

6. Pick n Pay Food Safety SME Programme

As part our Food Safety Programme, all suppliers (both current and prospective) of food products to Pick n Pay are required to undergo and pass a Food Safety Audit. The following audits/ assessments are accepted by Pick n Pay for all current and future listings:

- ✔ GFSI Intermediate assessment
- ✔ FSA Audit conducted by Intertek Services
- ✔ GFSI Benchmark certification (e.g. BRC; FSSC22000; IFS; SQF)
- ✔ SANBWA
- ✔ FSSC Development Programme Level 2

The following list of certification bodies (assessment providers) are approved to perform the GFSI Intermediate assessment (or as updated on the GFSI website):

- ✔ Intertek Services: www.intertek.com
- ✔ Aspirata (NOSA): www.nosa.co.za
- ✔ Bureau Veritas Certification (BVC): www.bureauveritas.co.za
- ✔ LTL Group of Companies: www.ltlgroup.global
- ✔ NSF International: www.nsf.org
- ✔ Pro Cert: www.procert.ch
- ✔ QS Certification: www.qscert.com
- ✔ SACAS: www.sacas.co.za
- ✔ SGS South Africa: www.sgs.co.za
- ✔ QPro/SAIGlobal: www.saiglobal.com
- ✔ Integrated Management Systems (IMS): www.integrated-standards.com

7. Traceability

Ensure that all ingredients and raw materials used in manufacturing your products have full traceability with regard to source, quality and shelf life, and are included in the ingredients statement.

Also bear in mind that:

- ✔ A certificate of acceptability is required for all food manufacturing sites, and
- ✔ Any ingredients claiming to be organic or free-range must have the appropriate certificates of declaration.

www.mygfsi.com • www.intertek.com • www.store.sabs.co.za

8. Packaging and labelling legislation

Before giving the green light for a supplier's product to be made available on Pick n Pay shelves, suppliers must adhere to strict product, legal and labelling requirements, which differ from one product category to another.

Your product will need to comply with all specific product-related standards and regulations in terms of South African law:

- ✔ Consumer Protection Act No 68 of 2008
- ✔ Foodstuffs, Cosmetics and Disinfectants Act No 54 of 1972
- ✔ Food-labelling regulations R146 and regulations relating to foodstuffs for infants and young children R991
- ✔ Agricultural Product Standards Act No 119 of 1990

9. Registering on the Pick n Pay portal

The Pick n Pay portal is a free and efficient service for all Pick n Pay suppliers. The portal manages suppliers' trading documents, article information and cost prices. The Pick n Pay portal is a web-based interface between Pick n Pay and small suppliers (called "vendors").

You will need to have the following ready:

- ✔ Value-added tax (VAT) number
- ✔ Global location number (GLN)
- ✔ Global trade item number (GTIN) or product barcode

www.pnpportal.co.za

10. Supply chain (delivery, logistics and distribution)

Decide how you will manage your logistics, warehousing, distribution and supply chain. The relevant category buyer will be able to guide and advise you.

You will be required to deliver to one of our centralised Distribution Centres (DCs) or direct to store.

www.chep.com

Once accepted

Once accepted into the ESD Programme, you will be placed into one of four categories and you may qualify for Pick n Pay's Small Supplier Preferential Rebate and Trading terms.

CATEGORY 1

- ✓ R0 – 3 million
- ✓ Small Business Incubator

CATEGORY 2

- ✓ R3 – 5 million
- ✓ Enterprise Development

CATEGORY 3

- ✓ R5 – 8 million
- ✓ Supplier Development

CATEGORY 4

- ✓ R8 million and above
- ✓ Thriving Supplier

An Exempt Micro Enterprise (EME) has a turnover of **R10 million or less**. EME's do not need a B-BBEE Certificate but **are required to produce a sworn affidavit** on an annual basis confirming the percentage of black ownership. The affidavit is valid for 12 months from the date of issue.

A Qualifying Small Enterprise (QSE) has a turnover of between **R10 and R50 million**. QSE's **are required to obtain a B-BBEE certificate** or alternatively a sworn affidavit confirming the percentage of black ownership as well as confirmation of their annual turnover. The certificate is valid for 12 months from the date of issue.



What ESD businesses qualify for

For a period of 12 months following a successful listing with Pick n Pay, a small supplier may qualify to have preferential trading terms based on Pick n Pay's Small Business Rate Card.

Pick n Pay small suppliers may qualify for:

- ✓ A favourable rebate and trading term
- ✓ Allocation of a one-to-one mentor based on a supplier's needs
- ✓ Networking support through workshops (finance, marketing, cash flow)
- ✓ Access to corporate experts
- ✓ A letter to funders
- ✓ Access to a network of public and private funders

A supplier's preferential trading terms will fall away once they are a Category 3 supplier, to whom Pick n Pay's standard supplier trading terms will apply.



Frequently asked questions

What does the Pick n Pay ESD division do?

The ESD (Enterprise and Supplier Development) division provides mentorship, guidance and business development support to entrepreneurs and small and emerging businesses who would like to supply Pick n Pay with products or services. A big focus is on providing skills development.

Does Pick n Pay supply letters of intent?

We are prepared to provide letters of support to suppliers already in our supply chain. We are able to confirm volume and capacity based on their ability to deliver goods or services to our stores. We do not issue any offtake agreements or letters of intent to start-ups because we are not able to confirm future volumes or whether the start-up will be able to fulfil future delivery of order commitments.

What is an EME (Exempted Micro Enterprise)?

An EME has a legally prescribed annual turnover of less than R10 million. To qualify, an EME must produce a sworn affidavit on an annual basis confirming the percentage of black ownership. The affidavit is valid for 12 months from the date of issue.

What is a QSE (Qualifying Small Enterprise)?

A QSE has a legally prescribed annual turnover of between R10 million and R50 million. A QSE must obtain a B-BBEE certificate confirming the percentage of black ownership as well as confirmation of their annual turnover. The certificate is valid for 12 months from the date of issue.

www.pnp.co.za/peoplenplanet/small-business

www.pnp.co.za/peoplenplanet/small-business/success-stories



Resource directory



Development Agencies

Small Enterprise Development Agency (SEDA)

www.seda.org.za

Small Enterprise Finance Agency (SEFA)

www.sefa.org.za

National Empowerment Fund (NEF)

www.nefcorp.co.za

Industrial Development Corporation (IDC)

www.idc.co.za

The Business Place (TBP)

www.tbp-nmb.co.za

National Youth Development Agency (NYDA)

www.nyda.gov.za

Limpopo Economic Development Agency (LEDA)

www.lieda.co.za

Mpumalanga Economic Growth Agency (MEGA)

www.mega.gov.za

North West Development Corporation (NWDC)

www.nwdc.co.za

Free State Development Corporation (FDC)

www.fdc.co.za

Department of Economic Development and Tourism

ecohead@westerncape.gov.za

Eastern Cape Department of Economic Development, Environmental Affairs and Tourism

www.dedea.gov.za

Wesgro

www.wesgro.co.za/home_wesgro



Private Funding

Old Mutual Fund

www.oldmutual.co.za

Business Partners Limited

www.businesspartners.co.za

WDB Investment Holdings

www.wdbinvestments.co.za



Chambers of Commerce

South African Chamber of Commerce and Industry (SACCI)

www.sacci.org.za

National Small Business Chamber (NSBC)

www.nsbcc.org.za

Cape Chamber of Commerce & Industry

www.capechamber.co.za



Banks

Absa Bank

www.absa.co.za

African Bank

www.africanbank.co.za

Bank Zero

www.bankzero.co.za

Discovery Bank

www.discovery.co.za

First National Bank

www.fnb.co.za

Nedbank

www.nedbank.co.za

Investec

www.investec.co.za

Standard Bank

www.standardbank.co.za

Capitec Bank

www.capitec.co.za

TymeBank

www.tyimebank.co.za



Training and Development Agencies

Wesgro

www.wesgro.co.za

Riversands Incubation Hub

www.riversandsihub.co.za



Pick n Pay Small Business

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Visit www.pnp.co.za/peoplenplanet/supplier-toolkit



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Disclaimer: Pick n Pay Retailers (Pty) Ltd

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