

PICK N PAY

Global Compact: Communication on Progress

Statement from the CEO

Once again this year I am happy to report that sustainability continues to be a primary focus within our Company. We have made excellent progress with regards to integrated reporting in line with the requirements of King Code of Corporate Practices and Conduct (King III) and this has consolidated our efforts to further integrate sustainability thinking into our core business practice, as is evident from our many implemented initiatives during the past year. We established an Operational Steering Committee during the year to focus our sustainability work on our core operations. We believe this will enhance social and environmental as well as operational performance.

Our engagement with a wide range of stakeholders on sustainability-related matters is increasing. As a major South African retailer, this means that we are responding to the interests and concerns of our employees, suppliers and millions of customers to enable a fair and sustainable society.

In terms of setting targets to achieve this goal, we have committed to reducing our energy consumption by 20% by 2012; and by 2015 we aim to send zero waste to landfill and reduce our carbon footprint by 15 %. In line with our sustainability strategy, we have specific initiatives covering issues of food safety, product auditing, climate change and recycling, our two focus areas are energy and waste reduction.

Thank you for your continued support.

Nick Badminton
Chief Executive Officer

Summary of PnP activities with respect to the Global Compact Ten Principles

Global Compact Principle	Statement	Reference to further information in the Pick n Pay Integrated Annual Report for 2011 and on our website*
1. Support and respect the protection of international human rights within their sphere of influence.	As a leading retailer based in South Africa, we are committed to upholding the human rights enshrined in the South African Constitution as well as the principles of the Universal Declaration on Human Rights. This commitment is supported by our Company Values, our Code of Conduct and our Human Resources policies. Our primary sphere of influence is our employees. We comply with the labour laws and regulations of South Africa and ensure that our employees are treated fairly.	http://www.picknpay.co.za/picknpay/content/en/fundamental-principles http://www.picknpay.co.za/picknpay/content/en/our-philosophy
2. Make sure their own corporations are not complicit in human rights abuses.	We adhere to this principle in our own operations through our compliance with all applicable legislation, our safety and health policy and internal Code of Conduct. To manage these risks, we continue to develop our local supplier engagement programme that includes issues of ethics and human rights. For international suppliers, we are working towards a system that will enable retailers to share audit information from common suppliers.	
3. Freedom of association and the effective recognition of the right to collective bargaining.	We have always recognised the right of employees to collective bargaining and freedom of association in accordance with all relevant local labour legislation. We maintain constructive relationships with all representative unions, specifically SACCAWU and its National Shop Stewards Body, who continue to enjoy consultative or negotiating powers on issues of mutual interest.	
4. The elimination of all forms of forced and compulsory labour.	All labour is sourced from the open labour market. Our employees are provided with labour contracts in accordance with relevant labour legislation, and are free to resign at any time. A function of Human Resources is to monitor compliance with our Code of Conduct across the Group, to follow up complaints and labour disputes, and to review disciplinary measures and the outcomes thereof.	http://www.picknpay.co.za/picknpay/content/en/our-philosophy
5. The effective abolition of child labour.	We train and provide opportunities for school leavers, who are all people of age within ILO requirements. Compliance with legal requirements regarding employee age is monitored on an ongoing basis and falls under the responsibility of Human Resources.	http://www.picknpay.co.za/picknpay/content/en/our-philosophy
6. The elimination of discrimination in respect of employment	We are committed to pursuing South Africa's national goal of a non-discriminatory society. We do not allow discrimination on the basis of race, culture, gender, disability or any similar basis. This applies to our interactions with job applicants, employees and customers. Issues relating to employment equity and the implementation of non-	IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/report_sustainability.ht

and occupation.	discrimination are managed by our Human Resources department. Pick n Pay is committed to fostering a diverse and representative workforce. This directs our recruitment and procurement processes as well as training. We cooperate with trade unions to drive the diversity agenda within the Company.	m http://www.picknpay.co.za/picknpay/content/en/our-philosophy
7. Support a precautionary approach to environmental challenges.	We follow a precautionary approach to environmental management across several areas (energy and carbon reduction, waste management). This approach also applies in ensuring the health and safety of our foods, which is one of our strategic priorities. We have audits in place to monitor this area and engagement and work with suppliers in this area. In developing new stores, we comply with all applicable environmental legislation, seeking ways to reduce negative impacts and promote positive impacts on the environment. By focusing on the key issue of food security, we are seeking to ensure an appreciation of system-level impacts relevant to our business.	IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/report_sustainability.htm http://www.picknpay.co.za/picknpay/content/en/news?oid=152572&sn=Detail&pid=10563
8. Undertake initiatives to promote greater environmental responsibility.	Our commitment to this principle is evidenced in the environmental commitments that form part of our broader sustainability strategy. They include engagement with employees, suppliers, non-governmental organisations, government bodies and customers on key issues of waste, energy and carbon, packaging reduction and the support of ethical and green product lines. We are in the process of carrying out pilot projects in a number of areas. As the outcome of a strategic engagement process, we have specified several key performance indicators to measure our progress. We have, further, set targets for reducing our energy consumption by 20% by 2014, and by 2015 we are aiming for zero waste to landfill and reducing our carbon footprint by 15%. These commitments are supported by initiatives involving our employees at our offices and in our stores.	IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/report_sustainability.htm http://www.picknpay.co.za/picknpay/content/en/distribution
9. Encourage the development and diffusion of environmentally friendly technologies.	We continue to work with our suppliers, industry bodies, research organisations and non-governmental organisations to enable sustainable innovation and product development. We are responding to a variable increase in demand for ethical and green products that contributes to the viability of supply over the longer term. Our flagship green store, Pick n Pay on Nicol, has been designed to use resource-efficient and environmentally friendly technologies.	IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/report_sustainability.htm IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/images/png_nicol.jpg
10. Work against corruption in all its forms, including extortion and bribery.	We remain committed to the highest standards of corporate governance, for which our Board of Directors is accountable. We aim to uphold moral and ethical business standards in everything we do. This is implemented and monitored by our senior management. Our commitment to combating corruption is embodied in our Code of Conduct, and includes opposing collusion amongst suppliers, and rejecting collusion between retailers. In addition, the Board is committed to complying in all material respects with the principles contained in the King Code of Corporate Practices and Conduct (King III), as well as to the additional requirements for good corporate governance stipulated in the JSE Limited ("JSE") SRI Index.	IR: http://www.picknpay-ir.co.za/financials/annual_reports/2011/report_gov_stores02.htm

*IR' is used as an abbreviation for our Pick n Pay Integrated Annual Report for 2011 available online at: http://www.picknpay-ir.co.za/financials/annual_reports/2011