



Global Compact: Communication on Progress

Introduction

At Pick n Pay, we know our commitment to promoting Goodness in our business isn't just about our products. We are committed to supporting South African people, businesses and organisations that promote goodness, both social and environmental. As a signatory to the Global Compact, Pick n Pay remains committed to uphold and promote corporate responsibility with respect to human rights, labour relations, environment and anti-corruption. In line with this commitment, we submit our Communication on Progress, which details our activities that support the Global Compact's Ten Principles.

This Communication on Progress covers our activities for the Financial Year ending in March 2012 and references our [Pick n Pay Integrated Annual Report for 2012](#). Further information on some of these topics will be available in our detailed [Sustainable Living online content](#) and full [Sustainability Living Report](#) (drafted every second year), which is available on our company website.

Statement from the CEO

Pick n Pay has always believed that doing good is good business, and this ethos is at the core of our 2012 Goodness Campaign, designed to create awareness with all our stakeholders. As the second largest retailer in South Africa, we strive to address social challenges through the supply of high quality, affordable food for all South Africans, while providing significant employment and economic opportunities across our value chain.

A wide range of environmental, social socio-economic and governance trends are combining to create new commercial and socio-economic challenges, which continue to redefine the role we have to play in South Africa and the region.

- Rising energy prices continue to increase our operating costs; we continue to reduce electricity usage, cut down on non-essential corporate travel, and further optimise our logistics and distribution network.
- We believe that partnerships will become increasingly important in addressing social and environmental challenges and we will continue to pursue opportunities for mutual benefit partnerships. A good example of this is the Organic Farmer and Retailer programme, an initiative between Pick n Pay, Spar, Shoprite, and the Department of Trade and Industry to facilitate the supply of organic produce from emerging farmers.
- The primary social issue in South Africa remains the continued high levels of economic disparity in our society. Our response therefore is focused on food affordability and on initiatives that create and sustain jobs and small businesses within our supply chain.

Our continuing progress in integrated reporting in line with the requirements of King Code of Corporate Practices and Conduct (King III). This has consolidated our efforts to integrate sustainability thinking into our core business. Our Executive Steering Committee for sustainability clarifies strategy and reviews progress. Our Operational Steering Committee for sustainability oversees and coordinates our social and environmental initiatives while ensuring that sustainability thinking is integrated into core operations.

Our engagement with a wide range of stakeholders on sustainability-related matters is increasing year-on-year. As one of South Africa's major corporates, 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 carbon footprint by 15 % by 2015 (baseline 2008 TBC), and by this date, we also aim to send zero waste to landfill from our retail operations. In line with our sustainability strategy, we have specific initiatives covering issues of food safety, product auditing, climate change and recycling. Currently our two focus areas are energy and waste reduction.

Thank you

Richard van Rensburg
Acting 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.	<p>As a leading retailer based in South Africa, we remain 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.</p> <p>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. We also support non-discrimination and the economic empowerment of previously disadvantaged South Africans through our value chain.</p> <p>Our company values include fighting for our customers' rights. We engage in robust public comment to this end.</p>	<p>IR Sustainability focus: Empowering our people: page 39</p> <p>IR Mission and values: page 4</p>
2. Make sure their own corporations are not complicit in human rights abuses.	<p>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.</p> <p>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. We also source and sell specific ethical product lines from third party certified producers (e.g. Fairtrade wine and chocolate).</p>	<p>IR code of conduct: page 70</p> <p>http://www.picknpay.co.za/picknpay/content/en/community</p>
3. Freedom of association and the effective recognition of the right to collective bargaining.	<p>We recognise and support 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. Both continue to enjoy consultative or negotiating powers on issues of mutual interest.</p>	
4. The elimination of all forms of forced and compulsory labour.	<p>All employment is aligned to national legal requirements, and we firmly oppose all forms of forced and compulsory labour. Our employees are provided with labour contracts in accordance with relevant labour legislation, and are free to resign at any time. All complaints and labour disputes are handled in line with legal requirements, and falls under Human Resources management.</p>	
5. The effective abolition of child labour.	<p>As part of our commitment to supporting national employment objectives, we train and provide opportunities for school leavers, who are people of all ages, within the ILO requirements. Compliance with all national legal requirements regarding employee age is monitored on an ongoing basis and falls under the responsibility of Human Resources.</p>	
6. The elimination of discrimination in respect of employment and occupation.	<p>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. Issues relating to employment equity and the implementation of non-discrimination are managed by our Human Resources department.</p> <p>Pick n Pay is committed to fostering a diverse and representative</p>	<p>IR Supporting food security and a sustainable future: page 35</p>

	workforce. We have incorporated these considerations in our recruitment and procurement processes, as well as training. We cooperate with trade unions to drive the diversity agenda within the Company.	
7. Support a precautionary approach to environmental challenges.	<p>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 work with suppliers in this area.</p> <p>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. An example of this in practice is Pick n Pay's decision to be the first African retailer to commit to only selling sustainably sourced seafood by the end of 2015.</p>	<p>IR Supporting food security and a sustainable future: page 35</p> <p>http://www.picknpay.co.za/picknpay/content/en/what-Pick-n-Pay-is-doing</p>
8. Undertake initiatives to promote greater environmental responsibility.	<p>Environmental responsibility is part of our broader sustainability strategy. To promote environmental responsibility, we engage our employees, suppliers, non-governmental organisations, government bodies and customers on key issues of waste, energy and carbon, packaging reduction and ethical and green product lines. We are working with strategic partners on reducing our collective environmental impact.</p> <p>We have a number of environmentally focused initiatives in various stages of implementation across our operations. This encompasses our sourcing, product development, distribution network, in-store practices and some post-consumer initiatives such as recycling. We continue to monitor our progress in line with several key performance. We have reduced our electricity kWh usage by 20% against our baseline.</p>	<p>IR Supporting food security and a sustainable future: page 35</p> <p>http://www.picknpay.co.za/picknpay/content/en/what-Pick-n-Pay-is-doing</p>
9. Encourage the development and diffusion of environmentally friendly technologies.	<p>We continue to partner and work with our suppliers, industry bodies, research organisations and non-governmental organisations to enable sustainable innovation and product development.</p> <p>Examples of environmentally friendly technology driven through our business include the development of more resource efficient packaging technologies, as well as waste reduction technologies explored through new partnerships. We have specific green product lines as well as in green technology incorporated into our store design. For example, our new Western Cape distribution centre has incorporated off-grid power generation, daylight harvesting, rain water collection and motion sensor lighting. Our plastic bags now contain 30% recycled material.</p>	<p>IR Sustainability focus: providing safe food and expanding sustainable product lines: page 37</p> <p>http://www.picknpay.co.za/picknpay/content/en/what-Pick-n-Pay-is-doing</p>
10. Work against corruption in all its forms, including extortion and bribery.	<p>Pick n Pay aims to uphold effective good governance practices throughout our organisations. Our Board of Directors is ultimately accountable for upholding our commitment to the highest standards of corporate governance. Our Code of Conduct supports our positions, opposing collusion amongst suppliers, and rejecting collusion between retailers.</p> <p>Additionally, 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.</p> <p>Information pertaining to corporate governance is available on our website.</p>	<p>IR Corporate governance report: page 63</p> <p>http://www.picknpay-ir.co.za/corporate-governance.php</p>

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*IR' is used as an abbreviation for our Pick n Pay Integrated Annual Report for 2012 available online at: http://www.picknpay-ir.co.za/financials/annual_reports/2012/index.php